

Consolidated Financial Statements and Supplementary Information;  
And Reports and Schedule related to Title 2 U.S. *Code of Federal Regulations* Part 200,  
*Uniform Administrative Requirements, Cost Principles and  
Audit Requirements for Federal Awards* (Uniform Guidance)

CARE USA and Subsidiaries  
Year Ended June 30, 2021  
With Report of Independent Auditors

Ernst & Young LLP



**CARE USA and Subsidiaries**  
**Consolidated Financial Statements and Supplementary Information;**  
**And Reports and Schedule Related to Uniform Guidance Audit**

**Year Ended June 30, 2021**

***Table of Contents***

Report of Independent Auditors.....	1
Consolidated Financial Statements .....	3
Schedule of Expenditures of Federal Awards .....	31
Notes to Schedule of Expenditures of Federal Awards .....	38
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	39
Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance .....	41
Schedule of Findings and Questioned Costs .....	44



## Report of Independent Auditors

Management and the Board of Directors  
Cooperative for Assistance and Relief Everywhere, Inc.

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Cooperative for Assistance and Relief Everywhere, Inc. and subsidiaries (CARE USA), which comprise the consolidated balance sheets as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 audits. We conducted our audits 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 of 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 consolidated financial position of CARE USA and subsidiaries at June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we also have issued our report dated November 30, 2021 on our consideration of CARE USA'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 solely 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 effectiveness of CARE USA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering CARE USA's internal control over financial reporting and compliance.

*Ernst + Young LLP*

November 30, 2021

CARE USA and Subsidiaries  
Consolidated Statements of Activities  
For the Year Ended June 30, 2021  
*(in thousands)*

	Without Donor Restrictions	With Donor Restrictions	Total 2021
<b>Support</b>			
Contributions of financial assets			
Private contributions	\$ 72,768	\$ 106,892	\$ 179,660
United States government	204,096	-	204,096
CARE International	196,591	-	196,591
Other institutional donors	108,583	-	108,583
Contributions of nonfinancial assets			
Private contributions	-	11,994	11,994
United States government	20,354	-	20,354
CARE International	352	-	352
Other institutional donors	4,664	-	4,664
Other revenue	3,516	103	3,619
Satisfaction of restrictions	121,055	(121,055)	-
<b>Total support</b>	<b>731,979</b>	<b>(2,066)</b>	<b>729,913</b>
<b>Expenses</b>			
Program activities	658,572	-	658,572
Supporting activities	56,703	-	56,703
<b>Total expenses</b>	<b>715,275</b>	<b>-</b>	<b>715,275</b>
<b>Investment income and other gains and losses</b>	<b>8,881</b>	<b>28,993</b>	<b>37,874</b>
<b>Total changes in net assets</b>	<b>25,585</b>	<b>26,927</b>	<b>52,512</b>
Net assets, beginning of year	66,722	265,174	331,896
<b>Net assets, end of year</b>	<b>\$ 92,307</b>	<b>\$ 292,101</b>	<b>\$ 384,408</b>

*See accompanying notes.*

CARE USA and Subsidiaries  
Consolidated Statements of Activities  
For the Year Ended June 30, 2020  
(in thousands)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2020</u>
<b>Support</b>			
Contributions of financial assets			
Private contributions	\$ 76,493	\$ 28,501	\$ 104,994
United States government	172,299	–	172,299
CARE International	189,791	–	189,791
Other institutional donors	103,912	–	103,912
Contributions of nonfinancial assets			
Private contributions	–	13,379	13,379
United States government	25,678	–	25,678
Other institutional donors	1,105	–	1,105
Other revenue	3,352	17	3,369
Satisfaction of restrictions	86,002	(86,002)	–
<b>Total support</b>	<b>658,632</b>	<b>(44,105)</b>	<b>614,527</b>
<b>Expenses</b>			
Program activities	608,130	–	608,130
Supporting activities	51,210	–	51,210
<b>Total expenses</b>	<b>659,340</b>	<b>–</b>	<b>659,340</b>
<b>Investment income and other gains and losses</b>	<b>2,584</b>	<b>(1,873)</b>	<b>711</b>
<b>Total changes in net assets</b>	<b>1,876</b>	<b>(45,978)</b>	<b>(44,102)</b>
Net assets, beginning of year	64,846	311,152	375,998
<b>Net assets, end of year</b>	<b>\$ 66,722</b>	<b>\$ 265,174</b>	<b>\$ 331,896</b>

*See accompanying notes.*

CARE USA and Subsidiaries  
Consolidated Statements of Functional Expenses  
For the Year Ended June 30, 2021  
*(in thousands)*

	Program Activities				Supporting Activities			2021 Total
	Development	Humanitarian	Public Information	Total	Fund Raising	Management & General	Total	
Personnel costs	\$ 113,487	\$ 77,000	\$ 4,463	\$ 194,950	\$ 10,769	\$ 18,429	\$ 29,198	\$ 224,148
Grants/subgrants	100,253	80,989	–	181,242	–	–	–	181,242
Materials and services	56,070	101,802	1,020	158,892	14,616	1,401	16,017	174,909
Professional services	18,106	10,976	832	29,914	5,045	(1,466)	3,579	33,493
Travel and transportation	14,264	11,367	16	25,647	8	147	155	25,802
Occupancy	9,089	7,091	117	16,297	619	1,052	1,671	17,968
Equipment	3,691	3,121	100	6,912	1,072	2,018	3,090	10,002
Financing/depreciation/miscellaneous	5,135	2,775	97	8,007	1,782	854	2,636	10,643
Agricultural commodities/contributions in-kind	8,025	22,373	6,313	36,711	308	49	357	37,068
<b>Total operating expenses</b>	<b>\$ 328,120</b>	<b>\$ 317,494</b>	<b>\$ 12,958</b>	<b>\$ 658,572</b>	<b>\$ 34,219</b>	<b>\$ 22,484</b>	<b>\$ 56,703</b>	<b>\$ 715,275</b>

*See accompanying notes.*

CARE USA and Subsidiaries  
Consolidated Statements of Functional Expenses  
For the Year Ended June 30, 2020  
(in thousands)

	Program Activities				Supporting Activities			2020 Total
	Development	Humanitarian	Public Information	Total	Fund Raising	Management & General	Total	
Personnel costs	\$ 115,344	\$ 64,218	\$ 4,123	\$ 183,685	\$ 10,238	\$ 16,664	\$ 26,902	\$ 210,587
Materials and services	60,020	86,137	437	146,594	11,375	1,136	12,511	159,105
Grants/subgrants	94,484	52,928	–	147,412	–	–	–	147,412
Professional services	17,656	11,176	855	29,687	4,398	608	5,006	34,693
Travel and transportation	19,134	11,708	107	30,949	288	476	764	31,713
Occupancy	9,684	5,208	152	15,044	907	822	1,729	16,773
Financing, depreciation, other	6,123	2,348	163	8,634	1,091	832	1,923	10,557
Equipment	4,418	2,225	189	6,832	1,084	1,061	2,145	8,977
Agricultural commodities/contributions in-kind	12,101	16,691	10,501	39,293	198	32	230	39,523
<b>Total operating expenses</b>	<b>\$ 338,964</b>	<b>\$ 252,639</b>	<b>\$ 16,527</b>	<b>\$ 608,130</b>	<b>\$ 29,579</b>	<b>\$ 21,631</b>	<b>\$ 51,210</b>	<b>\$ 659,340</b>

*See accompanying notes.*



CARE USA and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended June 30, 2021 and 2020  
(in thousands)

<b>Operating activities</b>	<b>2021</b>	<b>2020</b>
Changes in net assets	\$ 52,512	\$ (44,102)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,655	4,944
(Provision) recovery for subsidiary microfinance loan losses	(41)	59
Net realized and unrealized (gain) loss on investments	(16,115)	1,720
(Increase) decrease in value of split interest agreements	(20,489)	2,768
Changes in assets and liabilities		
(Increase) decrease in receivables	(7,196)	30,878
(Increase) decrease in program advances and other assets	(19,652)	6,757
Decrease in split interest agreements	471	11,863
Increase in accounts payable and accrued expenses	9,319	4,379
Increase in donor advances	19,901	6,726
Increase (decrease) in accrued salaries and benefits	(613)	3,466
Net cash provided by operating activities	<u>23,752</u>	<u>29,458</u>
<b>Investing activities</b>		
Purchases of investments	(138,616)	(154,815)
Proceeds from sales of investments	159,945	157,817
Purchases of property and equipment	(6,378)	(3,032)
Proceeds from sales of property and equipment	80	-
Net cash provided by (used for) investing activities	<u>15,031</u>	<u>(30)</u>
<b>Financing activities</b>		
Payments on subsidiary loans payable	(247)	(335)
Payments to gift annuitants	(1,156)	(1,232)
Increase (decrease) in liability for split interest agreements	959	(2,059)
Net cash provided by (used for) financing activities	<u>(444)</u>	<u>(3,626)</u>
Net change in cash and cash equivalents	38,339	25,802
Cash and cash equivalents, beginning of year	95,804	70,002
Cash and cash equivalents, end of year	<u>\$ 134,143</u>	<u>\$ 95,804</u>
Supplemental cash flow information:		
Noncash contributions	<u>\$ 19,517</u>	<u>\$ 20,002</u>
Cash paid for interest	<u>\$ 22</u>	<u>\$ 6</u>

*See accompanying notes.*

CARE USA and Subsidiaries  
Consolidated Balance Sheets  
(in thousands)

	June 30, 2021	June 30, 2020
<b>Assets</b>		
Cash and cash equivalents	\$ 134,143	\$ 95,804
Receivables, net	111,140	103,944
Program advances and other assets	46,847	27,154
Split interest agreements	156,033	136,015
Investments, at fair value	121,687	126,901
Property and equipment, net	18,910	18,267
<b>Total assets</b>	<b>\$ 588,760</b>	<b>\$ 508,085</b>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 56,088	\$ 46,769
Donor advances	108,820	88,919
Accrued salaries and benefits	28,090	28,703
Liability for split interest agreements	10,748	10,945
Other	606	853
<b>Total liabilities</b>	<b>204,352</b>	<b>176,189</b>
<b>Net assets</b>		
Without donor restrictions	92,307	66,722
With donor restrictions	292,101	265,174
<b>Total net assets</b>	<b>384,408</b>	<b>331,896</b>
<b>Total liabilities and net assets</b>	<b>\$ 588,760</b>	<b>\$ 508,085</b>

*See accompanying notes.*

CARE USA and Subsidiaries  
Consolidated Financial Statements

## 1. Organization, Mission and Structure

### Mission

The Cooperative for Assistance and Relief Everywhere, Inc. (CARE USA or the Organization) is an international humanitarian organization delivering emergency relief and long-term international development programs. CARE USA's mission is to work around the globe to save lives, defeat poverty and achieve social justice. CARE USA operates programs in more than 40 countries throughout Africa, Asia, Europe, and the Americas.

CARE USA's program activities were comprised of the following:

- **Development.** CARE USA is working with partners to provide innovative solutions for sustainable development through supporting new ways of supplying or strengthening essential service delivery, building capacity, building resilience for reducing risk, and empowering the most vulnerable, particularly women and girls. For the years ended June 30, 2021 and 2020 development work represented 50% and 56%, respectively, of total program expenses.
- **Humanitarian.** In times of conflict or disaster, CARE USA responds to save lives, with special attention to the needs of women and girls and the most marginalized. CARE USA's humanitarian action includes preparedness and early action, emergency response and recovery, and encourages future resilience and equitable development. For the years ended June 30, 2021 and 2020 humanitarian work represented 48% and 41%, respectively, of total program expenses, reflecting COVID relief, ongoing conflicts and natural disasters in countries that we operate. For fiscal year 2021, our largest humanitarian efforts were in Turkey, Yemen, Ethiopia and Somalia.
- **Public Information.** CARE USA aims to inform the public about poverty, and the systematic discrimination and marginalization of women and girls around the world. CARE USA puts women and girls in the center based on the belief that poverty cannot be overcome until all people have equal rights and opportunities. Public information represents 2% and 3% of total program costs for fiscal years 2021 and 2020, respectively.

Within these broad areas, CARE USA focuses on food and nutrition security, women's economic empowerment, sexual and reproductive health and rights and other sectors.

### Structure and Related Parties

CARE USA is a member of CARE International, a confederation that coordinates various agreed upon functions and activities common across the membership, including program activities. In the regular course of business, CARE USA receives and provides funding through grants and other contributions to and from CARE International and member organizations. Support from CARE International members, as well as amounts due to and due from members, are disclosed in the accompanying consolidated financial statements.

During fiscal year 2021, CARE USA assumed lead membership for four additional country offices in Africa. While strategic in nature, the impact on the financial statements is immaterial as of and for the year ended June 30, 2021.

CARE USA and Subsidiaries  
Consolidated Financial Statements

**COVID-19**

The novel coronavirus (COVID-19) pandemic developed and spread rapidly in 2020 and 2021 with significant disruptions in global operations. CARE USA has taken measures to prevent, mitigate and contain the effects of COVID-19 through the implementation of safety, health and educational measures for employees, communities and beneficiaries and active promotion of vaccination. CARE USA's COVID response includes providing access to clean water, hygiene kits and nutritious food, cash or vouchers, sexual and reproductive health and gender-based violence services and education about COVID-19 through two-way dialogue and mass media. CARE USA has raised \$120 million for COVID-19 through a crisis response campaign since the beginning of the pandemic.

In response to COVID-19, CARE USA took immediate action to ensure financial stability including the participation in the US government's Payroll Protection Program (PPP), established to encourage employers to keep workers on payroll during the pandemic. CARE USA received a loan of \$6.3 million in April 2020 which was used to cover personnel costs in accordance with the loan requirement. CARE USA applied and was approved for loan forgiveness in the amount of \$5.6 million, which was recognized as a US Government contribution in fiscal year 2021, and the remaining balance was repaid.

**2. Summary of Significant Accounting Policies**

The consolidated financial statements of CARE USA includes the assets, liabilities, revenues and expenses of all wholly owned subsidiaries, majority owned subsidiaries and related entities over which CARE USA exercises control and has an economic interest. The general condition for control is ownership or a majority of the voting interests of an entity. All intercompany accounts and transactions have been eliminated from the consolidated financial statements. CARE USA makes up more than 99% of the net assets in the accompanying consolidated balance sheets.

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, CARE USA's net assets and changes therein are classified and reported as follows:

- Without donor restrictions – net assets that are not subject to donor-imposed restrictions, the donor restrictions have expired or been satisfied by actions of organization.
- With donor restrictions – net assets that are subject to time or purpose restrictions, donor restricted endowments and trusts held by third parties.

Contributions are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Unconditional donor restricted contributions received in the same year in which the restrictions are met are recorded as increases to donor restricted support at the time of receipt. Upon fulfillment or expiration of donor restrictions, or when the donor restricted assets

CARE USA and Subsidiaries  
Consolidated Financial Statements

are placed in service, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as release from restrictions in the consolidated statements of activities.

**Use of Estimates and Assumptions**

The preparation of consolidated financial statements in conformity with US GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Areas of estimates and judgement include (1) receivables and the allowance for doubtful accounts; (2) fair value of split interest agreements and investments; and (3) assessment of loss contingencies. Actual results may differ from those estimates.

**Allocation of Functional Expenses**

CARE USA allocates expenses based on nature and function among its various programs and supporting services. Expenses that can be identified with a specific program or support service are charged directly. Other expenses that are common to one or more program and support functions are allocated by various statistical bases. All country office expenses are charged to program expenses. Program support, including finance and technology, are allocated based on estimate of time, effort and costs of specific technology used. Rent, utilities, depreciation and amortization and certain communication costs are allocated based on the headcount of employees involved in program and supporting activities.

**Revenue Recognition**

**Contributions**

Contributions are recorded at fair value when an unconditional grant or promise to give has been made. Conditional contributions are recorded once the conditions are met. Contributions are recorded as with or without donor restrictions depending on the existence or absence of donor-imposed restrictions.

CARE USA also serves as a resource provider, making contributions to partners and sub-grantees in connection with program implementation. Effective July 1, 2020, CARE USA adopted ASU2018-08 *Clarifying Scope and Accounting Guidance for Contributions Made*. The adoption did not impact the consolidated financial statements.

**Private Contributions**

CARE USA receives funding from private donors that may be subject to both donor conditions and restrictions. Donor-imposed barriers applicable to private contributions include match or cost-sharing requirements, and when the donor stipulates CARE USA has limited discretion over the conduct of the program activity. If specific timing requirements are included, contributions with cost-sharing and match requirements are deferred until the provisions have been met. Contributions from private donors determined to be conditional due to limited discretion are recognized based on program expenditures. Funds received in advance of satisfying the donor-imposed conditions are reported as Donor advances in the consolidated balance sheets.

CARE USA and Subsidiaries  
Consolidated Financial Statements

**Contributions from US Government, CARE International and Other Institutional Donors**

CARE USA receives funding under grants and agreements from the US government, CARE International and other institutional donors. These funds are subject to donor conditions and restrictions which are typically met by incurring qualifying expenses for a program. Contributions from the US government are conditional and must comply with applicable federal cost principles included in *Title 2 US Code of Federal Regulations Part 200* and is subject to review by grantor agencies. Contributions on these agreements is recognized based on program expenditures. Audits and reviews could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on historical experience, management believes that any costs ultimately disallowed would not materially affect CARE USA's consolidated financial position.

Contributions from CARE International and other institutional donors include grants and other awards raised by CARE International members from foreign governments and institutions. These contributions are conditional agreements which are required to adhere to the respective cost principles and requirements of foreign governmental agencies, and are recognized based on program expenditures as CARE USA is entitled to the funds once the conditions have been met. CARE USA adopted the simultaneous release option for donor-restricted grants that are recognized and used within the same reporting period and are therefore reported as net assets without donor restrictions.

Awards signed but not yet implemented and not recognized as contributions as of June 30, 2021 are based on the total award amount, less amounts recognized to date.

	<u>2021</u>	<u>2020</u>
Conditional promises to give:		
Private contributions	\$ 61,393	\$ 55,355
United States government	169,863	152,718
CARE International	163,506	159,224
Other institutional donors	67,262	50,236
	<u>\$ 462,024</u>	<u>\$ 417,533</u>

**Contributions of Non-Financial Assets**

In fiscal year 2021, CARE USA adopted ASU 2020-07 *Not-for-Profit Entities (Topic 958) on Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires organizations to present contributed nonfinancial assets as a separate line item in the Statements of Activities and disaggregated into various categories of the nonfinancial assets. The update was applied on a retrospective basis to the contributions recognized in fiscal years ending June 30, 2021 and 2020. The adoption did not have material impact on CARE USA's consolidated financial statements.

Donated goods and services that meet the criteria for recognition are recorded at estimated fair value when received and recorded as expense when utilized.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less when purchased. The carrying values of cash and cash equivalents approximate

CARE USA and Subsidiaries  
Consolidated Financial Statements

their fair value due to the short-term nature of these instruments. CARE USA maintains amounts on deposit with various financial institutions, which may, at times, exceed federally insured limits. Management periodically evaluates the creditworthiness of those institutions and has not experienced any losses on such deposits.

Cash amounts maintained overseas are largely uninsured. Cash and cash equivalents held in the United States were \$47.7 million and \$35.4 million, as of June 30, 2021 and 2020 respectively, and cash and cash equivalents held outside the United States were \$86.5 million and \$60.4 million as of June 30, 2021 and 2020, respectively. Certain donors require cash be held in separate accounts which is available for current use. Donor segregated cash accounts comprise about 17% and 31% of overseas cash and cash equivalents equal to \$14.7 million and \$18.4 million as of June 30, 2021 and 2020, respectively.

**Significant Donors and Concentration of Credit Risk**

CARE USA depends on continuous funding from major donors such as U.S. Agency for International Development (USAID). Grants and contracts revenue from the United States government, including agricultural commodities and ocean freight, were 31% and 32% of CARE USA's total support for the years ended June 30, 2021 and 2020, respectively.

**Receivables**

Receivables include grants and contracts receivable, ocean freight receivable, and amounts due on unconditional promises to give. Grants and contracts receivable are generally expected to be collected within one year and are recorded at a net realizable value. Ocean freight receivables, and a corresponding liability due to the freight line, are recorded when agricultural commodities are shipped to their destination port. These amounts are due from USAID.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value based on the present value of their estimated future cash flows and discounted at an applicable rate in the year the pledge was made. The discount ranges between 0.062% and 3.0% for the years ending June 30, 2021 and 2020, respectively.

**Program Advances and Other Assets**

Program advances and other assets include sub-grantee advances to partner organizations and CARE International members, program advances, inventory, equity investments, receivables from CARE International members, prepaid expenses and other miscellaneous assets.

Sub-grantee advances are recorded when cash is disbursed. As the sub-grantee meets the conditions and contractual obligations in accordance with the grant objectives and expense reports are received, the receivable is reduced, and the related income and expense are recognized.

Inventories are stated at lower of cost or market, or net realizable value, and include supplies and agricultural commodities. Cost is determined using the weighted average method. CARE USA receives agricultural commodities for distribution via projects or monetization with the cash proceeds to be used in projects. Inventory includes all agricultural commodities in which title has passed to CARE USA regardless of whether the agricultural commodities are in transit or held in storage at the intended recipient country. For agricultural commodities for distribution, contribution and expense are

CARE USA and Subsidiaries  
Consolidated Financial Statements

recognized when the agricultural commodities are distributed, or the title is transferred to a partner organization. For agricultural commodities to be monetized, contribution and expense are recognized when the proceeds are utilized for the related project activities.

**Split Interest Agreements**

CARE USA is a beneficiary of various split interest agreements and bequests such as perpetual trusts, charitable lead trusts, charitable remainder trusts and charitable gift annuities. CARE USA recognizes contributions, assets and liabilities received under split interest agreements at fair value. Subsequent contributions from split interest agreements are recorded at the fair value of the trust assets less the present value of the estimated future payments to be made to the other beneficiaries under specified terms of the trust. The present value of the estimated future payments is discounted using an investment rate of return and a discount rate of 7.0% for the years ended June 30, 2021 and 2020.

**Investments**

Investments are stated at fair value. CARE USA's investments are diversified across strategies, managers and geography. There are no significant concentrations of market risk in as much as the investment portfolio is held with different issuers.

**Property and Equipment**

CARE USA capitalizes assets with a valuer of \$5,000 or greater and a useful life of two years or more. Assets are depreciated on a straight-line basis over the estimated useful life. Property and equipment are recorded at acquisition cost or estimated fair value on the date of contribution.

<u>Asset</u>	<u>Estimated Useful Life</u>
Buildings	25 years
Building improvements	7 years
Software	3 to 10 years
Equipment	3 to 5 years
Leasehold improvements	Shorter of 5 years or life of the lease

**Donor advances**

Donor advances represent cash received before the related conditions are met.

**Foreign Currency Translation**

The US dollar is the functional currency for CARE USA's operations worldwide. Transactions in currencies other than US dollars are translated into US dollars at the rates of exchange in effect during the month of the transaction. Current assets and liabilities denominated in non-US currency are translated into US dollars at the exchange rate in effect at the date of the consolidated balance sheets. Property and equipment purchased with non-US currency are translated into US dollars at the exchange rate in effect at the time of purchase. Net transaction and translation gains and losses are included in the accompanying consolidated statements of activities in investment income and other gains and losses.

**Fair Value of Financial Instruments**

CARE USA's financial instruments consist of cash and cash equivalents, investments, receivables, split interest agreements and associated liability, accounts payable and accrued expenses, and subsidiary



CARE USA and Subsidiaries  
Consolidated Financial Statements

loans payable. Receivables are recorded at net realizable value which approximates fair value. Investments and split interest agreements are recorded at their fair values. The liability for split interest agreements is recorded at net present value which approximates fair value. All other financial instruments are stated at a cost which approximates fair value.

### Subsequent Events

Subsequent events have been evaluated through November 30, 2021, the date the financial statements were issued. There were no subsequent events that required recognition or disclosure in the consolidated financial statements.

### Recently Issued Accounting Standards

The FASB issued ASU 2016-02, *Leases (Topic 842)*, which replaces existing lease accounting guidance. The new guidance intends to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet for all leases with terms exceeding twelve months. There will be an increase in assets and liabilities on the consolidated balance sheets of CARE USA because of the adoption of this standard. While the amount of the increase will depend on the lease portfolio at the time of the adoption, CARE USA does not expect the adoption to have a material impact on net assets. The standard will be effective for CARE USA in fiscal year 2023.

The FASB issued ASU 2020-02 *Financial Instruments – Credit Losses (Topic 326) and Leases (Topic 842)*, that addresses the measurement of current expected credit losses for financial assets assessed at amortized cost basis, net investments in leases recognized by lessors, reinsurance recoverables and certain off-balance-sheet credit exposures. At each reporting date, an entity shall record an allowance for credit losses on financial assets measured at amortized cost basis and net investments in leases and shall record a liability for credit losses on certain off balance sheet exposures not accounted for as insurance or derivatives, loan commitments letters of credit and financial guarantees. The adoption of the standard is effective for fiscal year 2023 and the impact of adoption is still being evaluated.

### 3. Description of Net Assets Designation and Restriction

The net assets designations as of June 30 are as follows:

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Available for operations	\$ 68,081	\$ –	\$ 41,083	\$ –
Property, plant and equipment	18,910	–	18,267	–
Microfinance and social enterprises	888	2	2,631	114
Sexual, reproductive and maternal health and gender based violence	4,428	4,664	4,741	6,475
Women's economic empowerment	–	7,028	–	10,612
Food and nutrition security and resilience to climate change	–	6,463	–	6,590
Humanitarian action	–	6,179	–	6,179
Multi-sector and other	–	129,453	–	116,964
Third party trusts	–	138,312	–	118,240
<b>Total</b>	<b>\$ 92,307</b>	<b>\$ 292,101</b>	<b>\$ 66,722</b>	<b>\$ 265,174</b>

CARE USA and Subsidiaries  
Consolidated Financial Statements

Net assets without donor restrictions include funds designated by CARE USA's Board of Directors for sexual, reproductive and maternal health equal to \$4.4 million and \$4.7 million as of June 30, 2021 and 2020.

#### **4. Liquidity and Availability of Resources**

CARE USA regularly monitors the financial resources required to meet operating and other commitments through forecasting of donor receipts and expenditures, as well as maximizing the investment of available funds. The primary sources of liquidity are CARE USA's cash accounts and assets without donor restrictions invested in money market and marketable securities. CARE USA receives awards from three major donor groups which are essential to furthering our mission. Primary funding sources include contributions from private donors, grants from the US government and CARE International.

Liquidity is managed by ensuring that funding sources are available prior to or shortly after expenses are incurred. Expenses associated with programs with donor restrictions are not incurred if funding is not committed and available. Program activities are funded using donor restricted resources where cash is either provided in advance or collectable within ninety days. Programs funded by the United States government are typically reimbursed within thirty days through the Federal Reserve Letter of Credit program. Private donations and certain investment income without donor restrictions are used to fund general expenditures, including supporting activities, with expenses made in accordance with the annual board approved budget. CARE USA's financial assets available within one year of the balance sheet date for general expenditures were \$68.1 million and \$41.1 million as of June 30, 2021 and 2020, respectively.

CARE USA has established performance measures which serve as indicators of liquidity, including operating reserves. CARE USA defines operating reserves as discretionary net assets divided by average monthly expenses without donor restrictions, or general expenditures. CARE USA exceeded the operating reserve and other liquidity targets as of June 30, 2021.

CARE USA's endowment funds consist of donor restricted endowments that are part of net assets with donor restrictions. Income from these endowments is restricted for specific purposes and is not available for general expenditures. According to CARE USA's endowment spending policy, 5% of the three-year moving average balance on endowments is available for expenditures consistent with the restriction of each endowment. The appropriation from the endowment fund income was \$1.6 million and \$1.5 million for the years ended June 30, 2021 and 2020.

CARE USA and Subsidiaries  
Consolidated Financial Statements

**5. Contributions of Non-financial Assets**

Contributed nonfinancial assets utilized in programs and activities consisted of the following for the fiscal year ending June 30, 2021 and 2020:

General Category	Utilization in Programs and Activities	Valuation Techniques and Inputs	2021	2020
Agricultural commodities	Humanitarian and development programs	Lower of cost or market or net realizable value	\$ 11,245	\$ 11,982
Ocean and inland freight	Shipping agricultural commodities for humanitarian and development programs	Cost of transportation provided by shipping company	9,218	10,863
Public service announcements (PSA) and advertising credits	Humanitarian, fundraising and public info	Market value of PSA from the service provider. Ad credits based on dollar value equivalent.	7,789	10,501
Professional and other services	Humanitarian, general and administrative	Fair value provided by donor	749	979
Supplies	Humanitarian	Fair value provided by donor	7,464	5,122
Software	General and administrative	Fair value provided by donor	729	715
Vehicles	General and administrative	Fair market value in specific country	170	–
			<b><u>\$ 37,364</u></b>	<b><u>\$ 40,162</u></b>

The above non-financial assets were utilized in programs and activities consistent with donor restrictions, where applicable. Ocean and inland freight includes \$3.7 million freight of monetization commodities for Bangladesh development program for the year ended June 30, 2020.

**6. Investment income and other gains and losses**

Other non-operating changes in net assets were comprised of the following for the year ended June 30, 2021:

	Without Donor Restriction	With Donor Restriction	Total
Increase in value of split interest agreements	\$ 242	\$ 20,247	\$ 20,489
Net realized and unrealized gain on investments	8,705	7,410	16,115
Interest and dividends, net	1,561	1,366	2,927
Minority interest in subsidiary income	88	–	88
Net loss on country office transition	(318)	–	(318)
Foreign exchange loss	(1,397)	(30)	(1,427)
	<b><u>\$ 8,881</u></b>	<b><u>\$ 28,993</u></b>	<b><u>\$ 37,874</u></b>

CARE USA and Subsidiaries  
Consolidated Financial Statements

Other non-operating changes in net assets were comprised of the following for the year ended June 30, 2020:

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Interest and dividends, net	\$ 1,699	\$ 1,871	\$ 3,570
Foreign exchange gain/(loss)	1,479	(6)	1,473
Minority interest in subsidiary income	156	–	156
Net realized and unrealized gains (losses) on investments	22	(1,742)	(1,720)
Decrease in value of split interest agreements	(772)	(1,996)	(2,768)
	<b><u>\$ 2,584</u></b>	<b><u>\$ (1,873)</u></b>	<b><u>\$ 711</u></b>

### 7. Split Interest Agreements

Split interest agreements assets, recorded at fair value, were comprised of the following as of June 30:

	<b>2021</b>	<b>2020</b>
Perpetual trusts	\$ 143,435	\$ 123,267
Charitable lead trusts	10,373	10,794
Charitable remainder trusts	2,208	1,948
Other	17	6
	<b><u>\$ 156,033</u></b>	<b><u>\$ 136,015</u></b>

Liability for split interest agreements, recorded at present value, was comprised of the following as of June 30:

	<b>2021</b>	<b>2020</b>
Charitable gift annuity payable	\$ 9,172	\$ 9,389
Other	1,576	1,556
	<b><u>\$ 10,748</u></b>	<b><u>\$ 10,945</u></b>

### Perpetual Trusts

CARE USA is the beneficiary of certain perpetual irrevocable trusts held and administered by independent trustees. Under the terms of trusts, CARE USA has the irrevocable right to receive the income earned on the trust assets in perpetuity. Perpetual trusts are initially recorded as contributions from split-interest agreements with donor restriction at fair value based on CARE USA's interest in the fair value of the underlying trust assets at the time of the gift. Subsequent changes to the trust's fair value are reported as donor restricted increases (decreases) in the fair value of split interest agreements. Income received from these trusts is reported as support either with or without donor restriction, depending on the existence or absence of donor-imposed restrictions.

CARE USA and Subsidiaries  
Consolidated Financial Statements

As of June 30, 2021 and 2020, more than 80% of the value of the trust can be derived from market information. Less than 20% of the trust value is associated with alternative investments, estimates for which are provided by the fund managers retained by the trustees. The valuation methods for the alternative investments may produce a fair value that may not be indicative of the net realizable value or reflective of future fair values. While CARE USA believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Charitable Lead Trusts**

Charitable lead trusts provide income payments to at least one qualified charitable organization for a fixed term of years, the lives of one or more individuals, or a combination of the two, after which, trust assets are paid to either the grantor or one or more non-charitable beneficiaries named in the trust instrument. Contributions with donor restriction are recognized at the date each agreement is established, based on the terms, and net of the liability recorded for the present value of future payments to be made to donors and other beneficiaries. Changes in value resulting from changes in actuarial assumptions and accretion of the discount are reported as increases and decreases in the respective net assets class.

**Charitable Remainder Trusts**

Charitable remainder trusts include trusts established by a donor that have independent trustees under which specified distributions are made to CARE USA over the trust's term. Upon termination of trust, CARE USA receives the assets remaining in the trust. Charitable remainder trusts are initially recognized as contributions with donor restrictions from split-interest agreements at fair value based on CARE USA's estimated future cash flows from the related trust. Any subsequent adjustments to these trusts are recorded as a change in the value of split-interest agreements.

**Charitable Gift Annuity Payable**

Charitable gift annuities obligations are included in liability for split interest agreements on the consolidated balance sheets. Donors have contributed assets to CARE USA in exchange for a promise by CARE USA to pay a fixed amount or percentage of assets contributed to the donor or individuals designated by the donor during the annuity recipient's lifetime. Under the terms of such agreements, the assets received are recorded as assets and included in investments and the related annuity liability is an obligation of CARE USA. The liability is recorded at the present value of expected future payments based on 2012 Individual Annuity Reserving (IAR) report and table. The obligations have been discounted at rates ranging from 0.41% to 11.30%.

Charitable gift annuities are maintained in separate portfolios and are invested in accordance with applicable laws. CARE USA maintains assets sufficient to meet the annuity requirements stipulated by the various state laws. CARE USA is required to hold reserves related to the gift annuity program based on the laws of certain states, such reserves totaled \$9.9 million and \$10.5 million as of June 30, 2021 and 2020, respectively.

Private contributions from split interest agreements were \$20.9 million and \$18.7 million for the years ended June 30, 2021 and 2020.

CARE USA and Subsidiaries  
Consolidated Financial Statements

**8. Endowments**

CARE USA's endowments consist of ten individual funds as of June 30, 2021 and 2020 established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2021 and 2020, endowments of \$37.2 million and \$30.4 million, respectively, are included in Investments, at fair value on the consolidated balance sheets.

**Interpretation of Relevant Law**

CARE USA has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CARE USA classifies (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, CARE USA considers the following factors to determine to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund;
- Purposes of the organization and the donor-restricted endowment fund;
- General economic conditions;
- Possible effect of inflation and deflation;
- Expected total return from income and the appreciation and depreciation of investments;
- Other resources of CARE USA; and
- Investment policies of CARE USA.

The changes in endowment assets as of June 30 are as follows:

<b>Net assets with donor restrictions:</b>	<b>2021</b>	<b>2020</b>
Endowment net assets, beginning of year	\$ 30,429	\$ 29,947
Additions and investment return	8,433	2,022
Appropriation for expenditure	(1,625)	(1,540)
<b>Endowment net assets, end of year</b>	<b>\$ 37,237</b>	<b>\$ 30,429</b>

CARE USA and Subsidiaries  
Consolidated Financial Statements

Donor restricted endowment net assets as of June 30 consist of the following:

<b>Net assets with donor restrictions:</b>	<u>2021</u>	<u>2020</u>
The portion of perpetual endowment funds subject to time restriction under SPMIFA		
Without purpose restrictions	\$ 3,468	\$ 733
With purpose restrictions	<u>11,786</u>	<u>8,271</u>
Total endowment funds classified as net assets with donor restriction	<u>\$ 15,254</u>	<u>\$ 9,004</u>
The portion of perpetual endowment funds required to be retained permanently either by explicit donor stipulation or by SPMIFA	<u>\$ 21,983</u>	<u>\$ 21,425</u>

**Endowment Spending Policy**

CARE USA has a spending policy specific to endowments, which is authorized by the Board of Directors and monitored by the Finance Committee. The policy states that CARE USA will allocate five percent of the three-year average of the fair market value from investment earnings annually to be spent on operations, unless otherwise specified by the donor. The objective of this policy is to maintain the purchasing power of the endowment funds held in perpetuity or for a specified term as well as to provide growth through new gifts and investment return. Endowment fund assets include those assets of donor restricted funds that CARE USA must hold in perpetuity and changes to the value of these assets.

If market value is less than its historical dollar value due to unfavorable market conditions, CARE USA will not appropriate funds for spending until the investment accounts related to the endowment fund recover its losses. If a donor defines in the agreement that distributions should occur under the standard spending formula guidelines with no restrictions due to underwater amount, the donor's wishes will override CARE USA's spending policy and the full amount will be distributed.

**Strategies Employed to Achieve Endowment Investment Objectives**

The investment policy describes the objective for the fund and sets ranges for asset allocation. Asset allocations are determined in accordance with the purpose and restrictions of each specific fund. The objective of the Endowment Fund is to earn the highest possible total return consistent with a level of risk suitable for these assets. At a minimum, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of these assets and provide the necessary capital to fund the spending policy.

Actual returns in any given year may vary. Considering this requirement, the portfolio is constructed using a total return approach with a significant portion of the funds invested to seek growth of principal over time. The assets are invested for the long term, and a higher short-term volatility in these assets is to be expected and accepted.

The following is a summary of the asset allocation guidelines, with allowable ranges for each asset type:

CARE USA and Subsidiaries  
Consolidated Financial Statements

Asset Class	2021			2020		
	Minimum	Maximum	Target	Minimum	Maximum	Target
Investment Grade Fixed Income	28%	58%	42%	25%	50%	35%
Other Fixed Income	–	16%	6%	–	–	–
US Equity	27%	47%	37%	50%	75%	65%
Non-US Equity	5%	25%	15%	–	–	–

## 9. Fair Value Measurements

CARE USA applies the accounting standard ASC Topic 820, *Fair Value Measurements and Disclosures* that establishes a framework for measuring fair value. Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) between market participants at the measurement date. The standard establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are as follows:

**Level 1:** Inputs that reflect unadjusted quoted market prices for identical assets or liabilities in active markets that are accessible at measurement date.

**Level 2:** Inputs other than quoted prices that are either directly or indirectly observable for the asset or liability, including inputs in markets that are not considered to be active. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, observable inputs other than quoted prices for the asset or liability and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

**Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available.

CARE USA uses the following methods and significant assumptions to estimate fair value for its assets measured and carried at fair value. There have been no changes in the methodologies from June 30, 2019.

- Trusts held by third parties are valued using significant unobservable inputs (Level 3). The need to use unobservable inputs generally results from the lack of an active market or marketplace. CARE USA's Level 3 interest in trusts held by third parties includes both perpetual and non-perpetual trusts.
- Perpetual trusts are recorded at fair value based on a market approach of CARE USA's interest in the fair value of the underlying trust assets. Non-perpetual trusts are recorded at estimated fair value based on the present value of CARE USA's estimated future cash flows from the related trust. Future cash flows are based on an income approach (present value techniques) using internally developed models. Assumptions are made regarding the expected rate of return on the investments in the trust, the discount rate, and expected mortality of the individual(s), if the termination of the agreement is dependent on life expectancy. An expected rate of return on the investments in the



CARE USA and Subsidiaries  
Consolidated Financial Statements

trusts is estimated using historical investment returns for various relevant market indices for the estimated asset allocation of these trusts.

The following table presents the assets measured at fair value on a recurring basis as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value Measurement</u>
<b>Investments</b>				
<b>Money market funds</b>	\$ 549	\$ –	\$ –	\$ 549
<b>Fixed Income Securities</b>				
US treasury obligations	5,424	–	–	5,424
Agency obligations	–	1,714	–	1,714
Other fixed income securities	–	–	175	175
<b>Exchange traded funds</b>	28,569	–	–	28,569
<b>Other equity securities</b>	–	–	760	760
<b>Mutual Funds</b>				
Fixed income funds	26,112	–	–	26,112
Equity funds	54,280	–	–	54,280
Other mutual funds	4,104	–	–	4,104
<b>Total Investments</b>	<b>119,038</b>	<b>1,714</b>	<b>935</b>	<b>121,687</b>
<b>Split interest agreements</b>	–	–	156,033	156,033
	<b><u>\$ 119,038</u></b>	<b><u>\$ 1,714</u></b>	<b><u>\$ 156,968</u></b>	<b><u>\$ 277,720</u></b>

The following table presents the assets measured at fair value on a recurring basis as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value Measurement</u>
<b>Investments</b>				
<b>Money market funds</b>	\$ 24,310	\$ –	\$ –	\$ 24,310
<b>Fixed income securities</b>				
US treasury obligations	16,411	–	–	16,411
Agency obligations	–	2,504	–	2,504
Corporate bonds	–	11,583	–	11,583
Other fixed income securities	–	–	355	355
<b>Exchange traded funds</b>	34,478	–	–	34,478
<b>Other equity securities</b>	–	–	1,624	1,624
<b>Mutual funds</b>				
Fixed income funds	9,356	–	–	9,356
Equity funds	26,280	–	–	26,280
<b>Total investments</b>	<b>110,835</b>	<b>14,087</b>	<b>1,979</b>	<b>126,901</b>
<b>Split interest agreements</b>	–	–	136,015	136,015
	<b><u>\$ 110,835</u></b>	<b><u>\$ 14,087</u></b>	<b><u>\$ 137,994</u></b>	<b><u>\$ 262,916</u></b>

CARE USA and Subsidiaries  
Consolidated Financial Statements

The changes in investments measured at fair value for which Level 3 inputs were used to determine the fair value are as follows:

	Equity Securities	Debt Securities	Split Interest Agreements	Total
<b>Fair value as of June 30, 2019</b>	<b>\$ 3,098</b>	<b>\$ 555</b>	<b>\$ 147,878</b>	<b>\$ 151,531</b>
Additions	–	–	4,276	4,276
Maturities or redemptions	–	(187)	(14,124)	(14,311)
Decrease in value of split interest agreements	–	–	(2,015)	(2,015)
Net realized and unrealized losses on investments	(1,474)	(13)	–	(1,487)
<b>Fair value as of June 30, 2020</b>	<b>\$ 1,624</b>	<b>\$ 355</b>	<b>\$ 136,015</b>	<b>\$ 137,994</b>
Additions	–	–	869	869
Maturities or redemptions	–	(187)	(1,774)	(1,961)
Increase in value of split interest agreements	–	–	20,923	20,923
Net realized and unrealized gains (losses) on investments	(864)	7	–	(857)
<b>Fair value as of June 30, 2021</b>	<b>\$ 760</b>	<b>\$ 175</b>	<b>\$ 156,033</b>	<b>\$ 156,968</b>

The amount of gain or loss for the period included in the change in net assets and attributed to the change in unrealized gains and losses are included in net realized and unrealized gains and losses on investments in the consolidated statements of activities.

## 10. Receivables, Net

Receivables, net were comprised of the following as of June 30:

	2021	2020
Grants and contracts receivable:		
United States government	\$ 41,506	\$ 23,206
CARE International	16,556	15,143
Other institutional donors	23,430	21,438
Private contributions	491	–
Contributions receivable:		
Promises to give, net	30,240	44,391
Other	283	717
	<b>112,506</b>	<b>104,895</b>
Allowance for uncollectible accounts	(1,366)	(951)
	<b>\$ 111,140</b>	<b>\$ 103,944</b>

As of June 30, 2021 and 2020, receivables, except multi-year promises to give, are expected to be collected within one year. Promises to give receivables are presented at net realizable value as follows:

CARE USA and Subsidiaries  
Consolidated Financial Statements

	<u>2021</u>	<u>2020</u>
Promises to give receivable:		
Due within one year	\$ 23,082	\$ 38,653
Due within two to five years	7,593	6,196
	<u>30,675</u>	<u>44,849</u>
Less discount to present value (average rate of 0.062% to 3.0%)	(435)	(458)
	<u><b>\$ 30,240</b></u>	<u><b>\$ 44,391</b></u>

### 11. Program Advances and Other Assets

Program advances and other assets were comprised of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Subgrantee and program advances	\$ 27,237	\$ 11,892
Inventory	5,127	1,646
Investment in MicroVest	1,566	1,356
Receivable from CARE International members	2,086	2,651
Prepaid and deposits	5,447	4,889
Vendor and other advances	3,161	2,138
Other assets	2,223	2,582
	<u><b>\$ 46,847</b></u>	<u><b>\$ 27,154</b></u>

As of June 30, 2021 and 2020, CARE USA had a 34.4% non-controlling interest in MicroVest General Partner Holding Company and 8.3% in MicroVest II Limited Partnership. The investments are accounted for using the equity method.

### 12. Property and Equipment, Net

Property and equipment are comprised of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 3,067	\$ 3,067
Buildings and building improvements	14,642	15,155
Vehicles, equipment and software	71,105	65,546
Leasehold improvements	3,259	2,371
	<u><b>92,073</b></u>	<u><b>86,139</b></u>
Accumulated depreciation/amortization	(73,163)	(67,872)
	<u><b>\$ 18,910</b></u>	<u><b>\$ 18,267</b></u>

CARE USA and Subsidiaries  
Consolidated Financial Statements

Depreciation and amortization expense was \$5.7 million and \$4.9 million for the years ended June 30, 2021 and 2020, respectively. Unamortized internal use software costs were \$3.2 million and \$4.9 million, respectively, as of June 30, 2021 and 2020.

**13. Donor Advances**

Donor advances was comprised of the following as of June 30:

	2021	2020
Commodity grants	\$ 4,189	\$ 832
Advances associated with:		
Private contributions	22,448	21,063
United States government	11,551	24,683
CARE International	40,589	27,387
Other institutional donors	30,043	14,954
	<b>\$ 108,820</b>	<b>\$ 88,919</b>

**14. Defined Contribution Plans**

CARE USA has a defined contribution plan under Internal Revenue Code Section 401(k) for employees that meet eligibility conditions. CARE USA contributes to a participant's account an amount equal to 4% of the participant's gross salary and matches up to 4% of a participant's contribution. The plan also allows employee after-tax contributions. Employer contributions were \$3.3 million and \$3.1 million for the years ended June 30, 2021 and 2020, respectively.

Within the various countries in which CARE USA operates outside the United States, most employees who are paid locally are citizens of the host country. These employees are generally not eligible for the CARE USA defined contribution plan, but they are eligible for local government or CARE USA sponsored plans appropriate for that country.

**15. Commitments and Other Matters**

As of June 30, 2021, CARE USA is obligated under non-cancelable operating lease agreements for warehousing, office space and staff housing at minimum rentals as follows:

Year	Amount
2022	\$ 7,180
2023	3,118
2024	2,301
2025	1,795
2026	1,260
	<b>\$ 15,654</b>

CARE USA and Subsidiaries  
Consolidated Financial Statements

Total rent expense was \$13.1 million and \$14.2 million, respectively, for the years ended June 30, 2021 and 2020.

CARE USA has committed to provide funding to CARE Peru in the aggregate amount of \$24 million to be paid from fiscal years 2012 through 2034. The commitment to disburse annual funding amounts is conditional upon CARE Peru meeting agreed-upon program expenditures levels each year, and additional program quality and impact targets if expenditures fall below certain thresholds. CARE USA has made cumulative contributions to CARE Peru of \$11.0 million and \$10.0 million respectively, as of June 30, 2021 and 2020.

CARE USA maintained performance guarantees totaling \$1.7 million and \$3.5 million as of June 30, 2021 and 2020, respectively, on behalf of CARE USA Country offices, other CI members or various restricted grants. All guarantees are foreign currency denominated and therefore subject to fluctuations in USD equivalent value. Expiration or cancellation of each guarantee is contingent upon fulfillment of the underlying terms associated with the guarantee.

CARE USA provided a loan to the CARE International Revolving Fund to advance money to other members. The balance as of June 30, 2021 and 2020 was \$1.6 million and \$1.5 million.

## **16. Contingencies**

In the normal course of business, CARE USA is party to various claims and assessments. In the opinion of management, these matters will not have a material effect on the consolidated financial position, consolidated changes in net assets or consolidated cash flows.

The Government of Bolivia has served CARE USA with tax claims of approximately \$21.8 million for the commercial sale and distribution of commodities during the calendar years 2002 – 2007. CARE USA has filed lawsuits in Bolivia contesting the validity of these claims. A lower court ruled in CARE USA's favor on two lawsuits. The Supreme Court in Bolivia, the highest court, affirmed one of the lower court decisions in July 2016 and sent the other case back to the lower court. Although CARE USA no longer has operations in Bolivia, the outcome of this matter is currently not determinable, and management is monitoring the situation closely. No definitive estimate can be made of the potential liability.

## **17. Subsidiary Information and Other Required Disclosures**

Consolidated entities include:

- CARE Action Now (CAN) is a related but separate 501(c) (4) organization operating exclusively for the purpose of educating the public and influencing legislative, executive, and judiciary policymakers on the appropriate and sustainable provision of development and humanitarian assistance to underprivileged people.
- CARE Social Ventures, Inc (CSV) is a non-exempt wholly owned subsidiary that bridges the gap between philanthropy and commerce, and uses power of business and markets to reduce poverty. It aims to transform businesses into financially self-sustaining social enterprises and provide jobs, income and services for people lifting themselves out of poverty.

CARE USA and Subsidiaries  
Consolidated Financial Statements

- CARE Enterprises, Inc. (CEI) is a non-exempt wholly owned subsidiary, created to accelerate and invest in for-benefit, financially viable ventures that alleviate poverty by creating dignified employment opportunities and access to markets. For-benefit describes those business ventures that aim to earn a profit while delivering on a social mission.
- Access Africa Fund, LLC (AAF) is a non-exempt, majority owned subsidiary operating with dual investment objectives to enable sub-Saharan micro-finance institutions to expand financial services by making debt and equity investments. CARE USA owns 91% of the class A capital stock. AAF gradual wind down is extended through December 2022.

**Tax Status**

CARE USA is a tax-exempt organization under Section 501(c) (3) of the US Internal Revenue Code (IRC) and is therefore exempt from federal taxation under Section 501(a) of the IRC. In addition, under IRC Section 509(a) (1), CARE USA is a public charity and, thus, donations to CARE USA qualify for the maximum allowable charitable deduction. CAN is tax exempt in the USA under IRC Section 501(c)(4). CEI and CSV are taxable in the USA. AAF is a limited liability corporation treated as a partnership for federal income tax purposes in the USA.

CARE USA and its subsidiaries have operations in developing foreign markets and may be subject to increased risks due to political and regulatory environments, and overall market and economic factors.

CARE USA and Subsidiaries  
Consolidated Financial Statements

**18. Subsidiary Financial Information**

Statement of activities for CARE USA and its subsidiaries for the year ended June 30, 2021:

	Organization Holding Certificate of Exemption		Non-exempt Subsidiaries		Elimination Entries	Total 2021
	CARE USA	CAN	CEI and CSV	AAF		
Support	\$ 729,449	\$ 653	\$ 1,081	\$ –	\$ (1,270)	\$ 729,913
Expenses	714,305	752	1,168	110	(1,060)	715,275
Investment income and other gains and losses	37,764	–	–	(765)	875	37,874
<b>Total changes in net assets</b>	<b>52,908</b>	<b>(99)</b>	<b>(87)</b>	<b>(875)</b>	<b>665</b>	<b>52,512</b>
Net assets (deficit), beginning of year	332,340	273	434	1,140	(2,291)	331,896
<b>Net assets (deficit), end of year</b>	<b>\$ 385,248</b>	<b>\$ 174</b>	<b>\$ 347</b>	<b>\$ 265</b>	<b>\$ (1,626)</b>	<b>\$ 384,408</b>

Balance sheet information for CARE USA and its subsidiaries as of June 30, 2021:

	Organization Holding Certificate of Exemption		Non-exempt Subsidiaries		Elimination Entries	Total 2021
	CARE USA	CAN	CEI and CSV	AAF		
<b>Total assets</b>	<b>\$ 588,037</b>	<b>\$ 201</b>	<b>\$ 1,067</b>	<b>1,081</b>	<b>\$ (1,626)</b>	<b>\$ 588,760</b>
<b>Total liabilities</b>	<b>202,789</b>	<b>27</b>	<b>720</b>	<b>816</b>	<b>–</b>	<b>204,352</b>
<b>Net assets (deficit)</b>						
Without donor restrictions	93,147	174	347	265	(1,626)	92,307
With donor restrictions	292,101	–	–	–	–	292,101
<b>Total net assets (deficit)</b>	<b>385,248</b>	<b>174</b>	<b>347</b>	<b>265</b>	<b>(1,626)</b>	<b>384,408</b>
<b>Total liabilities and net assets</b>	<b>\$ 588,037</b>	<b>\$ 201</b>	<b>\$ 1,067</b>	<b>\$ 1,081</b>	<b>\$ (1,626)</b>	<b>\$ 588,760</b>

Supplementary Information and  
Reports and Schedule



CARE USA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Agency/Subdivision	Award Reference Number	Assistance Listing	Pass-Through Entity	Pass-Through Entity Reference Number	Country	Cash Expenditures	Non Cash Expenditures	Total Expenditures	Payments to Subrecipients
US Department of Agriculture	FFE4722018/00800	10.608			Timor Leste	5,678,041	1,474,577	7,152,618	6,008,539
		<b>Assistance Listing # 10.608 Food for Education</b>				<b>5,678,041</b>	<b>1,474,577</b>	<b>7,152,618</b>	<b>6,008,539</b>
US Department of Labor	IL327411875K	17.401			Ghana	560,693	-	560,693	71,897
US Department of Labor	IL356292075K	17.401			Ethiopia	120,647	-	120,647	-
		<b>Assistance Listing # 17.401 International Labor Programs</b>				<b>681,340</b>	<b>-</b>	<b>681,340</b>	<b>71,897</b>
US Department of State (USDS)	SLMAQM17CA1232	19.345	Vital Voices Global Partnership Inc.	SLMAQM17CA1232	Philippines	88,394	-	88,394	-
US Department of State (USDS)	SLMAQM19CA2173	19.345	Vital Voices Global Partnership Inc.	SLMAQM19CA2173	Bangladesh	1,627	-	1,627	-
		<b>Assistance Listing # 19.345 International Programs to Support Democracy, Human Rights and Labor</b>				<b>90,021</b>	<b>-</b>	<b>90,021</b>	<b>-</b>
USDS BPRM	SPRMCO17CA2162	19.517			Cote d'Ivoire	(5,176)	-	(5,176)	-
USDS BPRM	SPRMCO18CA0195	19.517			Egypt	(5,640)	-	(5,640)	-
USDS BPRM	SPRMCO18CA0088	19.517			Chad	(12,297)	-	(12,297)	-
USDS BPRM	SPRMCO19CA0119	19.517			Egypt	107,004	-	107,004	-
USDS BPRM	SPRMCO19CA0108	19.517			Chad	1,733,992	-	1,733,992	1,541,855
USDS BPRM	SPRMCO17CA2165	19.517			Turkey	(11,919)	-	(11,919)	-
USDS BPRM	SPRMCO16CA1061	19.517			Egypt	249	-	249	-
USDS BPRM	SPRMCO17CA2032	19.517			Chad	(1,333)	-	(1,333)	-
USDS BPRM	SPRMCO18CA0002	19.517			Egypt	(1,668)	-	(1,668)	-
USDS BPRM	SPRMCO20CA0106	19.517			Egypt	682,771	-	682,771	-
USDS BPRM	SPRMCO20CA0150	19.517			Chad	847,882	-	847,882	426,220
		<b>Assistance Listing # 19.517 Overseas Refugee Assistance Programs for Africa</b>				<b>3,333,865</b>	<b>-</b>	<b>3,333,865</b>	<b>1,968,075</b>
<b>Non-COVID-19 Funded Grants</b>									
USDS BPRM	SPRMCO19CA0205	19.518			Ecuador	483,950	-	483,950	183,244
USDS BPRM	SPRMCO19CA0213	19.518			Peru	1,419,712	-	1,419,712	1,265,744
USDS BPRM	SPRMCO20CA0196	19.518			Ecuador	2,304,791	-	2,304,791	1,247,493
		<b>Assistance Listing # 19.518 Non-COVID-19 Overseas Refugee Assistance Programs for Western Hemisphere</b>				<b>4,208,453</b>	<b>-</b>	<b>4,208,453</b>	<b>2,696,481</b>
<b>COVID-19 Funded Grants</b>									
USDS BPRM	SPRMCO19CA0205	19.518			Ecuador	622	-	622	-
		<b>Assistance Listing # 19.518 COVID-19 - Overseas Refugee Assistance Programs for Western Hemisphere</b>				<b>622</b>	<b>-</b>	<b>622</b>	<b>-</b>
		<b>Assistance Listing # 19.518 TOTAL - Overseas Refugee Assistance Programs for Western Hemisphere</b>				<b>4,209,075</b>	<b>-</b>	<b>4,209,075</b>	<b>2,696,481</b>
USDS BPRM	SPRMCO18CA0081	19.519			Turkey	(27,793)	-	(27,793)	-
USDS BPRM	SPRMCO18CA0175	19.519			Lebanon	(20,548)	-	(20,548)	-
USDS BPRM	SPRMCO18CA0123	19.519			Jordan	(21,957)	-	(21,957)	-
USDS BPRM	SPRMCO19CA0198	19.519			Jordan	1,094,006	-	1,094,006	15,790
USDS BPRM	SPRMCO19CA0202	19.519			Turkey	1,195,933	-	1,195,933	-
USDS BPRM	SPRMCO16CA1268	19.519			Jordan	1,241	-	1,241	-
USDS BPRM	SPRMCO17CA2187	19.519			Jordan	(5,454)	-	(5,454)	-
USDS BPRM	SPRMCO17CA2130	19.519			Lebanon	(4,794)	-	(4,794)	-
USDS BPRM	SPRMCO20CA0218	19.519			Turkey	2,379,827	-	2,379,827	-
USDS BPRM	SPRMCO20CA0177	19.519			Jordan	1,596,471	-	1,596,471	2,299
		<b>Assistance Listing # 19.519 Overseas Refugee Assistance Program for Near East and South Asia</b>				<b>6,186,932</b>	<b>-</b>	<b>6,186,932</b>	<b>18,089</b>

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*

CARE USA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Agency/Subdivision	Award Reference Number	Assistance Listing	Pass-Through Entity	Pass-Through Entity Reference Number	Country	Cash Expenditures	Non Cash Expenditures	Total Expenditures	Payments to Subrecipients
USDS BPRM	SPRMC017CA2109	19.522			Afghanistan, Jordan, Congo, South Sudan, United States, United Kingdom	649,372	-	649,372	213,622
USDS BPRM	SPRMC020CA0163	19.522			Cameroon, Lebanon, United States	321,874	-	321,874	93,811
USDS BPRM	SPRMC019CA0144	19.522	Global Women Institute of GWU	19-S15-INT	Lebanon	108,217	-	108,217	98,394
			<b>Assistance Listing # 19.522 Overseas Refugee Assistance Programs for Strategic Global Priorities</b>			<b>1,079,463</b>	<b>-</b>	<b>1,079,463</b>	<b>405,827</b>
US Department of State	SLMAQM21GR3001	19.750			Ecuador	260,391	-	260,391	110,878
			<b>Assistance Listing # 19.750 Bureau of Western Hemisphere Affairs (WHA) Grant Programs (Including Energy and Climate Partnership for the Americas)</b>			<b>260,391</b>	<b>-</b>	<b>260,391</b>	<b>110,878</b>
US Department of State	SLMAQM20CA2119	19.801			Nigeria, Niger, United States	303,368	-	303,368	56,865
			<b>Assistance Listing # 19.801 Office of Global Women's Issues</b>			<b>303,368</b>	<b>-</b>	<b>303,368</b>	<b>56,865</b>
<b>United States Department of State Total</b>						<b>15,463,115</b>	<b>-</b>	<b>15,463,115</b>	<b>5,256,215</b>
US Center for Disease Control	U2GGH000985	93.067	Elizabeth Glaser Pediatrics AIDS Fd04449-04, 04659-05		Malawi	(1,191)	-	(1,191)	-
			<b>Assistance Listing # 93.067 Global AIDS</b>			<b>(1,191)</b>	<b>-</b>	<b>(1,191)</b>	<b>-</b>
<b>Non-COVID-19 Funded Grants</b>									
US Center for Disease Control	NU2GGH0020640100	93.318			Congo, South Sudan, Uganda, Chad, Kenya,	709,922	-	709,922	18,148
			<b>Assistance Listing # 93.318 Non-COVID-19 Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security</b>			<b>709,922.00</b>	<b>-</b>	<b>709,922.00</b>	<b>18,148.00</b>
<b>COVID-19 Funded Grants</b>									
US Center for Disease Control	NU2GGH0020640100	93.318			United States	33,369	-	33,369	5,580
US Center for Disease Control	NU2GGH0020640100	93.318			Uganda	143,161	-	143,161	-
US Center for Disease Control	NU2GGH0020640100	93.318			Chad	91,065	-	91,065	17,955
US Center for Disease Control	NU2GGH0020640100	93.318			Kenya	119,203	-	119,203	-
			<b>Assistance Listing # 93.318 COVID-19 - Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security</b>			<b>386,798</b>	<b>-</b>	<b>386,798</b>	<b>23,535</b>
			<b>Assistance Listing # 93.318 TOTAL - Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security</b>			<b>1,096,720</b>	<b>-</b>	<b>1,096,720</b>	<b>41,683</b>
<b>United States Department of Health and Human Services Total</b>						<b>1,095,529</b>	<b>-</b>	<b>1,095,529</b>	<b>41,683</b>

*See accompanying notes to the Schedule of Expenditures of Federal Awards*

CARE USA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Agency/Subdivision	Award Reference Number	Assistance Listing	Pass-Through Entity	Pass-Through Entity Reference Number	Country	Cash Expenditures	Non Cash Expenditures	Total Expenditures	Payments to Subrecipients
<b>Non-COVID-19 Funded Grants</b>									
USAID	AID688A1300003	98.001			Mali	(29,409)	-	(29,409)	-
USAID	AID624A1400003	98.001			Cameroon	6,385,624	-	6,385,624	5,569,886
USAID	AID641A1500002	98.001			Ghana	1,091,898	-	1,091,898	545,167
USAID	AID641A1600004	98.001			Ghana	1,684,673	-	1,684,673	856,835
USAID	AID0AAA1600078	98.001			Ecuador	(26,827)	-	(26,827)	-
USAID	AID663A1700001	98.001			Ethiopia	8,429,986	-	8,429,986	3,983,385
USAID	AIDOFDAG1700166	98.001			Mozambique	1,831	-	1,831	-
USAID	AID521A1700006	98.001			Haiti	(13,870)	-	(13,870)	-
USAID	AIDOFDAG1700109	98.001			Mozambique	3,396	-	3,396	-
USAID	AID687A1700002	98.001			Madagascar	6,514,511	-	6,514,511	5,627,210
USAID	AIDOFDAG1700111	98.001			United Kingdom	(1,629)	-	(1,629)	-
USAID	AIDFFPG1700003	98.001			Haiti	6,054	-	6,054	-
USAID	AIDOFDAA1700022	98.001			Syria	(4,132)	-	(4,132)	-
USAID	720FDA18GR00327	98.001			Guatemala	(2,633)	-	(2,633)	-
USAID	720FDA18CA00030	98.001			Pakistan	(10,168)	-	(10,168)	-
USAID	720FDA18GR00221	98.001			Yemen	(85,987)	-	(85,987)	-
USAID	72DFFP18GR00074	98.001			Congo	(60,401)	-	(60,401)	-
USAID	720FDA18GR00262	98.001			Somalia	(222,459)	-	(222,459)	-
USAID	720FDA18GR00148	98.001			United Kingdom	(2,972)	-	(2,972)	-
USAID	72027919CA00001	98.001			Yemen	1,110,836	-	1,110,836	58,125
USAID	72061219GR00002	98.001			Malawi	(10,929)	-	(10,929)	(8,486)
USAID	720FDA19GR00055	98.001			Mozambique	7,408,006	-	7,408,006	2,884,262
USAID	72038819CA00002	98.001			Bangladesh	2,088,874	-	2,088,874	-
USAID	72DFFP19GR00041	98.001			Turkey	4,869,322	-	4,869,322	3,786,854
USAID	720FDA19GR00081	98.001			South Sudan	161,954	-	161,954	-
USAID	720FDA19CA00028	98.001			Pakistan	974,879	-	974,879	199,989
USAID	72DFFP19GR00054	98.001			Somalia	17,332,747	-	17,332,747	-
USAID	720FDA19GR00043	98.001			Bangladesh	2,400,424	-	2,400,424	641,781
USAID	720FDA19GR00144	98.001			Malawi	(4,401)	-	(4,401)	-
USAID	720FDA19GR00240	98.001			United States	319,079	-	319,079	-
USAID	720FDA19GR00199	98.001			Sudan	679,103	-	679,103	-
USAID	720FDA19GR00221	98.001			Turkey	320,695	-	320,695	107,295
USAID	720FDA19CA00061	98.001			Nigeria, South Sudan, Syria, Turkey, United States	428,245	-	428,245	-
USAID	720FDA19GR00197	98.001			Somalia	3,487,760	-	3,487,760	680,760
USAID	72049220GR00003	98.001			Vanuatu	80,710	-	80,710	72,806

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*

CARE USA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Agency/Subdivision	Award Reference Number	Assistance Listing	Pass-Through Entity	Pass-Through Entity Reference Number	Country	Cash Expenditures	Non Cash Expenditures	Total Expenditures	Payments to Subrecipients
USAID	72069620GR00001	98.001			Rwanda	9,068	-	9,068	-
USAID	720FDA21GH00034	98.001			Vanuatu	728,232	-	728,232	652,747
USAID	720FDA18CA00007	98.001			Syria	(14,925)	-	(14,925)	-
USAID	72DFFP18GR00027	98.001			Somalia	(137,191)	-	(137,191)	-
USAID	72030618CA00007	98.001			Afghanistan	3,445,226	-	3,445,226	-
USAID	72DFFP18GR00034	98.001			Syria	(30,270)	-	(30,270)	-
USAID	720FDA18GR00268	98.001			Bangladesh	(14,596)	-	(14,596)	-
USAID	720FDA18GR00237	98.001			Afghanistan	(16,727)	-	(16,727)	-
USAID	720FDA18GR00153	98.001			South Sudan	(22,079)	-	(22,079)	-
USAID	720FDA18GR00197	98.001			Madagascar	(10,168)	-	(10,168)	-
USAID	720FDA18GR00264	98.001			Congo	257,266	-	257,266	-
USAID	720FDA18GR00177	98.001			Zimbabwe	(13,573)	-	(13,573)	-
USAID	720FDA18GR00286	98.001			Sudan	(10,200)	-	(10,200)	-
USAID	720FDA19GR00071	98.001			Vanuatu	270,942	-	270,942	223,667
USAID	720FDA19GR00148	98.001			Zimbabwe	386,447	-	386,447	352,115
USAID	AID486A1300008	98.001			Myanmar	(339)	-	(339)	-
USAID	AIDOFDAA1400032	98.001			Somalia	840	-	840	-
USAID	AIDOFDAG1500181	98.001			Niger	686	-	686	-
USAID	AIDFFPG1500074	98.001			Sierra Leone	1,871	-	1,871	-
USAID	AIDOFDAA1500048	98.001			Guatemala	119	-	119	-
USAID	AIDOFDAG1600007	98.001			Vanuatu	34	-	34	-
USAID	AIDOFDAA1600004	98.001			Syria	1,563	-	1,563	-
USAID	AIDOFDAG1600236	98.001			Guatemala	34	-	34	-
USAID	AIDOFDAG1600266	98.001			Malawi	351	-	351	-
USAID	AIDOFDAG1600124	98.001			Madagascar	(93,897)	-	(93,897)	(79,212)
USAID	AIDOFDAG1600219	98.001			Zimbabwe	1,255	-	1,255	-
USAID	AIDOFDAG1600246	98.001			Sudan	12	-	12	-
USAID	AIDOFDAG1600234	98.001			Yemen	2,169	-	2,169	-
USAID	AIDOFDAA1600020	98.001			Turkey	3,022	-	3,022	-
USAID	AIDOFDAG1600226	98.001			Somalia	2,211	-	2,211	-
USAID	AIDOFDAG1600179	98.001			Somalia	(20,600)	-	(20,600)	-
USAID	AIDFFPG1700033	98.001			Somalia	9,222	-	9,222	-
USAID	AIDOFDAG1700175	98.001			Yemen	(44,699)	-	(44,699)	-
USAID	AIDOFDAG1700104	98.001			Malawi	1,640	-	1,640	-
USAID	AIDOFDAG1700188	98.001			Niger	108	-	108	-
USAID	720FDA20GR00017	98.001			Malawi	762,876	-	762,876	-
USAID	72DFFP20GR00045	98.001			Turkey	17,548,545	-	17,548,545	13,232,865
USAID	720FDA20GR00240	98.001			Congo	2,634,640	-	2,634,640	-
USAID	72038820GR00001	98.001			Bangladesh	100,000	-	100,000	-
USAID	72DFFP20GR00053	98.001			Yemen	4,290,874	-	4,290,874	-
USAID	720FDA20GR00044	98.001			Ethiopia	664,369	-	664,369	-
USAID	720FDA20GR00354	98.001			Lebanon	180,672	-	180,672	159,315
USAID	720FDA20GR00276	98.001			Somalia	5,963,496	-	5,963,496	844,281
USAID	720FDA20CA00083	98.001			Turkey	7,589,062	-	7,589,062	5,390,176

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*

CARE USA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Agency/Subdivision	Award Reference Number	Assistance Listing	Pass-Through Entity	Pass-Through Entity Reference Number	Country	Cash Expenditures	Non Cash Expenditures	Total Expenditures	Payments to Subrecipients
USAID	720FDA20CA00047	98.001			Malawi, Mozambique, Madagascar, Kenya, Zimbabwe, United States	457,916	-	457,916	25,828
USAID	720FDA20GR00268	98.001			Yemen	1,073,926	-	1,073,926	-
USAID	72038820CA00007	98.001			Bangladesh	404,795	-	404,795	96,321
USAID	720BHA21GR00029	98.001			Honduras	416,352	-	416,352	278,463
USAID	72068821CA00003	98.001			Mali	857,481	-	857,481	86,230
USAID	720BHA21GR00083	98.001			Ethiopia	1,661,921	-	1,661,921	-
USAID	AID615A1500008	98.001	Millennium Water Alliance (MWA)	# 41-01-01	Kenya	127,561	-	127,561	109,446
USAID	AID656A1600010	98.001	Family Health International (FHI 360)	102248.001.002.005	Mozambique	1,100,183	-	1,100,183	359,539
USAID	AID367A1600006	98.001	Helen Keller International	21854-01-001	Nepal	703,603	-	703,603	(97)
USAID	AIDO AAL1600002	98.001	Digital Green Foundation	DG_CNTR_2016-17_40	Malawi	(1,836)	-	(1,836)	-
USAID	AID367A1600008	98.001	World Wildlife Fund	Agreement #CV10	Nepal	518,057	-	518,057	42,814
USAID	AID388A1700004	98.001	Family Health International (FHI 360)	102335.001.003.002	Bangladesh	(7,777)	-	(7,777)	-
USAID	AIDOAAA1700004	98.001	GAP Foundation	AID-OAA-A-17-00004	India	(313,220)	-	(313,220)	(296,179)
USAID	AIDFFPG1700056	98.001	Catholic Relief Services	MG.17.SUBAGR.8266.00	Madagascar	(3,514)	-	(3,514)	(2,824)
USAID	720FDA18CA00043	98.001	World Vision International ( WVI)	720FDA18CA00043-CARE	Syria	1,845,151	-	1,845,151	1,298,223
USAID	72062418CA00004	98.001	National Democratic Institute	19-18107-COT.0-1645	Cote d'Ivoire	289,983	-	289,983	-
USAID	72DFFP19GR00003	98.001	Mercy Corps	72DFFP19GR00003	Yemen	(25,652)	-	(25,652)	-
USAID	720FDA20CA00002	98.001	Save the Children Federation	1	Congo	1,483,193	-	1,483,193	-
USAID	720FDA20CA00001	98.001	Mercy Corps	CARE-LEVER-334255002	Congo	572,902	-	572,902	(12,853)
USAID	72066320CA00002	98.001	Mercy Corps	33399S001	Ethiopia	1,099,118	-	1,099,118	-
USAID	72068520CA00001	98.001	Cultivate New Frontiers in Agricultur	72068520CA00001-CARE-	Niger	444,419	-	444,419	-
USAID	AID294A1600001	98.001	International Medical Corps	103049.100.51	West Bank Gaza	(7,693)	-	(7,693)	-
USAID	AIDFFPG1600070	98.001	Mercy Corps	CARE YEFA 32902S001	Yemen	(4,348)	-	(4,348)	-
USAID	AID663A1200014	98.001	Mercy Corps	32206S001	Ethiopia	(1,366)	-	(1,366)	-
USAID	AID596A1300002	98.001	The Tropical Agricultural Research	(AID-596-A-13-00002	Guatemala	265	-	265	-
USAID	AIDOAAA1200047	98.001	JSI Research & Training Institute, In	APC-GM-0110	Sierra Leone	(7,898)	-	(7,898)	-
USAID	720FDA18CA004	98.001	International Rescue Committee	720FDA18CA004	Syria	(769)	-	(769)	-
USAID	7200AA20CA00005	98.001	IMA World Health	MIHR-CARE-001	Sudan, South Sudan,	164,120	-	164,120	-
USAID	72049219CA00008	98.001	Cardno Emerging Markets USA, Ltd	4752-003-CRA-004	Papua New Guinea	219,810	-	219,810	194,375
USAID	72030620CA00007	98.001	Jhpiego Corporation	21-SBA-046	Afghanistan, Malawi	243,182	-	243,182	-
USAID	720FDA20GR00350	98.001	Women's Refugee Commission Inc.	720FDA20GR00350	Colombia, Turkey, United States	44,977	-	44,977	-

*See accompanying notes to the Schedule of Expenditures of Federal Awards*

CARE USA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Agency/Subdivision	Award Reference Number	Assistance Listing	Pass-Through Entity	Pass-Through Entity Reference Number	Country	Cash Expenditures	Non Cash Expenditures	Total Expenditures	Payments to Subrecipients
USAID	72DFFP18CA00001	98.001	International Rescue Committee	72DFFP18CA00001	Ethiopia	94,889	992,690	1,087,579	-
USAID	720BHA21GR00020	98.001	Action Against Hunger	720BHA21GR00020	Philippines	300,000	-	300,000	-
USAID	72039118CA00001	98.001	World Learning Inc	72039118CA00001	Pakistan	(3,748)	-	(3,748)	-
<b>Assistance Listing # 98.001 Non-COVID-19 USAID Foreign Assistance for Programs Overseas</b>						<b>123,478,361</b>	<b>992,690</b>	<b>124,471,051</b>	<b>47,961,109</b>
<b>COVID-19 Funded Grants</b>									
USAID	AID641A1600004	98.001			Ghana	183,308	-	183,308	-
USAID	AID663A1700001	98.001			Ethiopia	717,181	-	717,181	305,990
USAID	72027919CA00001	98.001			Yemen	1,739,430	-	1,739,430	-
USAID	72038819CA00002	98.001			Bangladesh	(45,329)	-	(45,329)	-
USAID	720FDA20GR00058	98.001			Australia	1,190,157	-	1,190,157	1,063,142
USAID	720FDA20GR00090	98.001			Mozambique	786,550	-	786,550	405,809
USAID	720FDA20GR00074	98.001			Zimbabwe	498,179	-	498,179	443,599
USAID	72DFFP20GR00053	98.001			Yemen	192	-	192	-
USAID	720FDA20GR00091	98.001			Ethiopia	297,300	-	297,300	-
USAID	720FDA20GR00325	98.001			Sudan	1,260,308	-	1,260,308	6,239
USAID	72066320CA00002	98.001	Mercy Corps	33399S001	Ethiopia	16,332	-	16,332	-
USAID	720FDA20GR00059	98.001	Action Against Hunger	720-FDA-20-GR-00059	Philippines	993,932	-	993,932	-
USAID	720FDA20CA00037	98.001	World Vision International ( WVI)	720FDA20CA00037-CARE	Turkey	1,098,089	-	1,098,089	961,924
<b>Assistance Listing # 98.001 COVID-19 - USAID Foreign Assistance for Programs Overseas</b>						<b>8,735,629</b>	<b>-</b>	<b>8,735,629</b>	<b>3,186,703</b>
<b>Assistance Listing # 98.001 TOTAL - USAID Foreign Assistance for Programs Overseas</b>						<b>132,213,990</b>	<b>992,690</b>	<b>133,206,680</b>	<b>51,147,812</b>
<b>Non-COVID-19 Funded Grants</b>									
USAID	AIDFFPA1300005	98.007			Haiti	(143,448)	-	(143,448)	(5,296)
USAID	AIDFFPA1500009	98.007			Bangladesh	11,112,177	-	11,112,177	3,255,588
USAID	AIDFFPA1500013	98.007			Mali	2,222,956	-	2,222,956	403,128
USAID	72DFFP18CA00004	98.007			Niger	6,227,277	185,296	6,412,573	1,366,806
USAID	72DFFP20GR0006	98.007			Niger	-	116,610	116,610	-
USAID	72DFFP19CA00004	98.007			Malawi	8,431,838	-	8,431,838	3,851,704
USAID	72DFFP20CA00007	98.007			Zimbabwe	3,166,147	-	3,166,147	548,266
USAID	AIDFFPA1300003	98.007	World Vision International ( WVI)	AIDFFPA1300003-CARE	Zimbabwe	(8,543)	-	(8,543)	11,075
USAID	AIDFFPA1600008	98.007	World Vision International ( WVI)	AIDFFPA1600008-CARE	Ethiopia	8,665,710	4,056,547	12,722,257	-
USAID	72DFFP19LA00001	98.007	Save the Children Federation	FAA - 999002740	United States	88,955	-	88,955	-
USAID	AID0AAA1500002	98.007	Save the Children Federation	AID-OAA-A-15-00002	Nepal	289	-	289	-
<b>Assistance Listing # 98.007 Non-COVID-19 Food for Peace Development Assistance Program (DAP)</b>						<b>39,763,358</b>	<b>4,358,453</b>	<b>44,121,811</b>	<b>9,431,271</b>
<b>COVID-19 Funded Grants</b>									
USAID	72DFFP19CA00004	98.007			Malawi	19,443	-	19,443	-
USAID	AIDFFPA1600008	98.007	World Vision International ( WVI)	AIDFFPA1600008-CARE	Ethiopia	163,907	4,056,547	4,220,454	-
<b>Assistance Listing # 98.007 COVID-19 - Food for Peace Development Assistance Program (DAP)</b>						<b>183,350</b>	<b>4,056,547</b>	<b>4,239,897</b>	<b>-</b>
<b>Assistance Listing # 98.007 TOTAL - Food for Peace Development Assistance Program (DAP)</b>						<b>39,946,708</b>	<b>8,415,000</b>	<b>48,361,708</b>	<b>9,431,271</b>

See accompanying notes to the Schedule of Expenditures of Federal Awards

CARE USA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Agency/Subdivision	Award Reference Number	Assistance Listing	Pass-Through Entity	Pass-Through Entity Reference Number	Country	Cash Expenditures	Non Cash Expenditures	Total Expenditures	Payments to Subrecipients
USAID	AIDFFPA1200009	98.008	Catholic Relief Services	AID-FFP-A-12-00009	Ethiopia	3,056,398	11,722,006	14,778,404	-
		<b>Assistance Listing # 98.008 Food for Peace Emergency Program (EP)</b>				<b>3,056,398</b>	<b>11,722,006</b>	<b>14,778,404</b>	-
		<b>Total Foreign Food Aid Donation Cluster</b>				<b>43,003,106</b>	<b>20,137,006</b>	<b>63,140,112</b>	<b>9,431,271</b>
USAID	AIDOAAA1600027	98.011	Global Env & Tech Foundation	AID-OAA-A-16-00027	Ghana, Malawi	136,942	-	136,942	-
		<b>Assistance Listing # 98.011 Global Development Alliance</b>				<b>136,942</b>	-	<b>136,942</b>	-
USAID	AIDOAAI140048	98.U01	DT Global Inc	WADI IDIQ-S15-002	Ethiopia	275,138	-	275,138	-
		<b>Assistance Listing # 98.U01</b>				<b>275,138</b>	-	<b>275,138</b>	-
<b>United States Agency for International Development Total</b>						<b>175,629,176</b>	<b>21,129,696</b>	<b>196,758,872</b>	<b>60,579,083</b>
<b>GRAND TOTAL</b>						<b>198,547,201</b>	<b>22,604,273</b>	<b>221,151,474</b>	<b>71,957,417</b>

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*

CARE USA and Subsidiaries  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes the federal expenditures of CARE USA under programs of the federal government for the year ended June 30, 2021. Because the Schedule presents only a selected portion of the operations of CARE USA, it is not intended to and does not present the financial position, results of operations, or cash flows of CARE USA.

For purposes of the Schedule, federal awards include all grants entered into directly, and via pass-through, between CARE USA and agencies and departments of the federal government.

**2. Summary of Significant Accounting Policies**

For the purpose of the Schedule of Expenditures of Federal Awards, expenditures for federal award programs are recognized on the accrual basis of accounting. Negative amounts on the Schedule are adjustments to expenditures reported in the prior years.

Agricultural and other commodities are recorded as inventory when shipped to a CARE USA country office or held in storage in the destination country prior to distribution. Revenue and expense (program activity) are recognized when the commodities are distributed, on a first-in, first-out basis. Freight expense is recognized as expense when incurred. Agricultural and other commodities are recorded at an ascribed amount representing the market valuation placed thereon by the Commodity Credit Corporation (as an agency of the United States government). Donated ocean freight is recorded based on the carrier's bill of lading.

For the year ended June 30, 2021 the non-cash expenses provided to sub-recipients have been added to the Payments to Sub-recipients. The non-cash expense includes agricultural commodities and ocean freight.

**3. Indirect Cost Rate**

CARE USA did not elect to use the 10% de minimis cost rate permitted by the Uniform Guidance.





Ernst & Young LLP  
55 Ivan Allen Jr. Blvd.  
Suite 1000  
Atlanta, GA 30308

Tel: 404 817 8300  
ey.com

## Report of Independent Auditors 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

Management and the Board of Directors  
Cooperative for Assistance and Relief Everywhere, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of Cooperative for Assistance and Relief Everywhere, Inc. and subsidiaries (CARE USA), which comprise the consolidated balance sheet as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 30, 2021.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CARE USA's internal control over financial reporting (internal control) as a basis for designing 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 CARE USA's internal control. Accordingly, we do not express an opinion on the effectiveness of CARE USA'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 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether CARE USA's financial statements are free of 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ernst & Young LLP*

November 30, 2021



## Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Management and the Board of Directors  
Cooperative for Assistance and Relief Everywhere USA

### Report on Compliance for Each Major Federal Program

We have audited Cooperative for Assistance and Relief Everywhere USA's (CARE USA) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of CARE USA's major federal programs for the year ended June 30, 2021. CARE USA'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 CARE USA'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; 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 CARE USA'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 CARE USA's compliance.

## Opinion on Each Major Federal Program

In our opinion, CARE USA 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 June 30, 2021.

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying schedule of findings and questioned costs as items:

Finding No.	Assistance Listing No.	Program Name	Compliance Requirement
2021-001	19.518	Overseas Refugee Assistance Programs for Western Hemisphere	Reporting
2021-002	98.001	USAID Foreign Assistance for Programs Overseas	Reporting

Our opinion on each major federal program is not modified with respect to these matters.

CARE USA's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. CARE USA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

CARE USA is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. CARE USA's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

## Report on Internal Control Over Compliance

Management of CARE USA 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 CARE USA'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 CARE USA'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.

*Ernst & Young LLP*

November 30, 2021

CARE USA and Subsidiaries  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2021

**Section I—Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ <b>yes</b>	_____ <b>X</b>	_____ <b>no</b>
Significant deficiency(ies) identified?	_____ <b>yes</b>	_____ <b>X</b>	_____ <b>none reported</b>
Noncompliance material to financial statements noted?	_____ <b>yes</b>	_____ <b>X</b>	_____ <b>no</b>

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?	_____	_____	<b>yes</b>	_____ <b>X</b>	_____ <b>no</b>
Significant deficiency(ies) identified?	_____	_____	<b>yes</b>	_____ <b>X</b>	_____ <b>none reported</b>

Type of auditor’s report issued on compliance for major federal programs

	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ <b>X</b>	_____ <b>yes</b>	_____ <b>no</b>

Identification of major federal program:

**Assistance Listing numbers**

- 19.517
- 19.518
- 98.001

**Name of federal program**

- Overseas Refugee Assistance Programs for Africa
- Overseas Refugee Assistance Programs for Western Hemisphere
- USAID Foreign Assistance for Programs Overseas

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 3,000,000  
 \_\_\_\_\_

Auditee qualified as low-risk auditee?

\_\_\_\_\_ **X** \_\_\_\_\_ **yes** \_\_\_\_\_ **no**

CARE USA and Subsidiaries  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

**Section II—Financial Statement Findings**

**Findings:** No matters were reported.

**Section III—Federal Award Findings and Questioned Costs**

**Finding 2021-001** Reporting – Federal Funding Accountability and Transparency Act (FFATA)

**Assistance Listing Number:** 19.518

**Program Name:** USDS Overseas Refugee Assistance Programs for Western Hemisphere

**Granting Agency:** U.S. Department of State

**Criteria:** As per 2 CFR 200.170, direct recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). The subaward information should be reported no later than the end of the month following the month in which the obligation was made.

**Condition:** During our testing of the FFATA reporting compliance, we tested two (2) FFATA reports that were submitted to FSRS and noted both reports were not submitted within the required time frame. The subaward agreements were executed and signed in September 2020; however, the reporting in FSRS was done on November 25, 2020, which is a delay of 25 days from the reporting deadline. The dollar amount for the two tested transactions was \$1,498,010.

**Cause:** The information needed for FFATA reporting is provided by the implementing partner and Country Office to CARE’s Shared Service Center (SSC) for submission. During fiscal 2021, the information was not provided to the SSC timely due to work from home arrangements related to COVID-19 protocols.

**Effect:** The delay in submission of the reports resulted in CARE USA not reporting the required information in FSRS within the required time frame; thereby resulting in a noncompliance with the reporting requirements. The information submitted was complete and accurate and met all other compliance requirements.

**Questioned Costs:** None.

CARE USA and Subsidiaries  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

**Section III—Federal Award Findings and Questioned Costs (continued)**

**Identification as a repeat finding, if applicable:** Not applicable.

**Recommendation:** We recommend CARE USA reinforce the importance of timely submission of required documents to all business units involved in FFATA reporting (i.e., signed subaward agreements) to ensure report submission within the required deadline. In addition, we recommend CARE USA implement additional monitoring controls to ensure new subawards and subaward modifications are timely identified to ensure timely reporting to FSRS.

**Views of responsible officials:**

CARE USA is implementing corrective actions which will be in place by February 15, 2022. These corrective actions include refresher training and additional guidance provided to all business units involved with FFATA reporting. CARE will also implement a preventative control to reduce future non-compliance, which will include working with partners to ensure information needed for FFATA reporting is provided prior to execution of the partner funding agreement (PFA) and inclusion of FFATA data collection during the award set up process.

Further, we will enhance the monitoring controls of (i) first tier partner funding spending against obligation under USG awards to anticipate potential modifications, (ii) USG Awards spending and set up in the system, and (iii) the completeness of USG Awards and PFA documents.



CARE USA and Subsidiaries  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

**Section III—Federal Award Findings and Questioned Costs (continued)**

**Finding 2021-002** Reporting – Federal Funding Accountability and Transparency Act (FFATA)

**Assistance Listing Number:** 98.001

**Program Name:** USAID Foreign Assistance for Programs Overseas

**Granting Agency:** U.S. Agency for International Development

**Criteria:** As per 2 CFR 200.170, direct recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). The subaward information should be reported no later than the end of the month following the month in which the obligation was made.

**Condition:** During fiscal year 2021, we tested six (6) FFATA reports that were submitted to FSRS and noted 5 of the reports were not submitted within the required time frame. Delays ranged from 16 to 143 days. The dollar value of the reports not submitted timely was \$11,964,952 of the \$13,496,583 tested.

**Cause:** The information needed for FFATA reporting is provided by the implementing partner and Country Office to CARE’s Shared Service Center (SSC) for submission. During fiscal year 2021, in two instances, the information was not provided to the SSC timely due to work from home arrangements related to COVID-19 protocols. In the other three instances, the existing quarterly FFATA compliance review process did not identify the increase in the subaward on a timely basis.

**Effect:** The delay in submission of the reports resulted in CARE USA not reporting the required information in FSRS within the required time frame; thereby resulting in a noncompliance with the reporting requirements. The information submitted was complete and accurate and met all other compliance requirements.

**Questioned Costs:** None.

**Identification as a repeat finding, if applicable:** Not applicable.

**Recommendation:** We recommend CARE USA reinforce the importance of timely submission of required documents to all business units involved in FFATA reporting (i.e., signed subaward agreements) to ensure report submission within the required deadline. In addition, we recommend CARE USA

CARE USA and Subsidiaries  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

**Section III—Federal Award Findings and Questioned Costs (continued)**

implement additional monitoring controls to ensure new subawards and subaward modifications are timely identified to ensure timely reporting to FSRS.

**Views of responsible officials:**

CARE USA is implementing corrective actions which will be in place by February 15, 2022. These corrective actions include refresher training and additional guidance provided to all business units involved with FFATA reporting. CARE will also implement a preventative control to reduce future non-compliance, which will include working with partners to ensure information needed for FFATA reporting is provided prior to execution of the partner funding agreement (PFA) and inclusion of FFATA data collection during the award set up process.

Further, we will enhance the monitoring controls of (i) first tier partner funding spending against obligation under USG awards to anticipate potential modifications, (ii) USG Awards spending and set up in the system, and (iii) the completeness of USG Awards and PFA documents.