21031909-11

United States of America

DEPARTMENT OF STATE

To all to whom these presents shall come, Greetings:

I Certify That the document hereunto annexed is under the Seal of the District of Columbia, and that such Seal is entitled to full faith and credit.*

****For the contents of the annexed document, the Department assumes no responsibility***
This certificate is not valid if it is removed or altered in any way whatsoever

In testimony whereof, I, Antony J. Blinken, Secretary of State , have hereunto caused the seal of the Department of State to be affixed and my name subscribed by the Assistant Authentication Officer, of the said Department, at the city of Washington, in the District of Columbia, this nineteenth day of May, 2021.

Secretary of State

By

Assistant Authentication Officer,
Department of State

Issued pursuant to CHXIV, State of Sept. 15, 1789, 1 Stat. 68-69; 22 USC 2657; 22USC 2651a; 5 USC 301; 28 USC 1733 et. seq.; 8 USC 1443(f); RULE 44 Federal Rules of Civil Procedure.

Serial No. 770333

District of Columbia

Washington, D.C., MARCH 16, , 20 21

To all whom these presents shall come, Greeting:

I certify that DEVAUGHN JORDAN

whose name is signed to the accompanying paper; is now, and was at the time of signing the same, a Notary Public in and for the District of Columbia duly commissioned and qualified.

In witness whereof, *I,* JUDI GOLD

Chief, Notary and Authentication Section of the District of Columbia, have hereunto caused the Seal of the District of Columbia to be affixed on the day and year first above written.

Judi Gold

Chief, Notary and Authentication Section

8-3617

CERTIFICATION

I, President of Louis Berger Aircraft Services, Inc. (the "Company") certify on behalf of the Company and not in my individual capacity as follows:

1. Attached is a true copy of the Consolidated Financial Report of Louis Berger Services, Inc. and Subsidiaries dated as of June 28, 2019.

Raymond J. Mardini

Raymond Mardini
President

Date: 10 March 2021

UNITED STATES OF AMERICA)

DISTRICT OF COLUMBIA) ss

I, Devaughn Jordan, Notary Public in and for the above-mentioned State and County, affirm that on the 10th day of March 2021, personally appeared before me a resident of Fredericksburg, VA, United States of America, and that as President of Services, Inc., he is duly authorized to sign the above Certification.

Sworn (or Affirmed) to before me this 10th day of March 2021.

Devaughn Jordan
Notary Public

District of Columbia
Signed and Sworn to (or affirmed) before me on 3/10/2021 (Date)
by Raymond J. Mardini
(Name(s) of Individual(s) Making Statement)
Signature of Notarial Officer Devaughn Jordan
Title of Office LDA
My Commission Expires 5/14/2024

DEVAUGHN JORDAN
NOTARY PUBLIC
DISTRICT OF COLUMBIA
My Comm. Exp. May 14, 2024

Services, Inc.
and Subsidiaries

Consolidated Financial Report
June 28, 2019

Contents

Independent Auditor's Report

Management
Services, Inc. and Subsidiaries

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Louis Berger Services, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheet as of June 28, 2019, the related consolidated statements of operations, changes in stockholder's equity and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louis Berger Services, Inc. and its subsidiaries as of June 28, 2019, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

New York, New York
April 14, 2020

, Inc. and Subsidiaries

Consolidated Balance Sheet
June 28, 2019

Assets		
Current assets:		
Cash and cash equivalents	$	1,447,312
Accounts receivable, net – service contracts, including unbilled revenues of $5,276,972 and net of allowance for doubtful accounts of $1,255,791 (Note 4)		10,484,716
Accounts receivable - affiliates (Note 8)		2,861,384
Other receivables		393,304
Prepaid income taxes		947,607
Prepaid expenses		332,271
Total current assets		16,466,594
Property and equipment, net (Note 6)		2,619,075
Intangibles, net (Note 3)		1,456,471
Deferred income taxes (Note 7)		1,528,607
Goodwill		22,926,505
Other assets		161,959
Total assets	$	45,159,211
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable – trade	$	1,458,765
Accounts payable – affiliates (Note 8)		759,847
Accrued project costs		6,415,555
Other accrued liabilities:		
Salaries, wages and other compensation		2,584,911
Taxes, other than income taxes		417,536
Other		843,466
Total current liabilities		12,480,080
Long-term liabilities:		
Deferred rent and lease incentives		46,842
Other long-term liabilities		262,285
Total liabilities		12,789,207
Commitments and contingencies (Note 10)		
Stockholder's equity:		
Additional paid-in capital		36,497,383
Accumulated deficit		(4,127,379)
Total stockholder's equity		32,370,004
Total liabilities and stockholder's equity	$	45,159,211

See notes to consolidated financial statements.

Consolidated Statement of Operations
June 28, 2019

Net contract revenues	$	79,769,190
Cost and expenses:		
Direct costs		61,184,624
Operating expenses		21,025,529
		82,210,153
Operating loss		(2,440,963)
Other income (expenses):		
Interest income		37,189
Interest expense		(940)
Foreign currency transaction losses, net		(85,807)
Other, net		10,752
		(38,806)
Loss before benefit for income taxes		(2,479,769)
Benefit for income taxes		(427,438)
Net loss	$	(2,052,331)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Stockholder's Equity
June 28, 2019

	Additional Paid-In Capital	Accumulated Deficit	Total Stockholder's Equity
Balance, June 29, 2018	$ 62,309,665	$ (2,075,048)	$ 60,234,617
Net loss	-	(2,052,331)	(2,052,331)
Affiliate dividends, net	(25,812,282)	-	(25,812,282)
Balance, June 28, 2019	$ 36,497,383	$ (4,127,379)	$ 32,370,004

See notes to consolidated financial statements.

Inc. and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended June 28, 2019

Cash flows from operating activities:	
Net loss	$ (2,052,331)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	3,700,936
Deferred income taxes	(452,924)
Deferred rent	35,180
Gain on disposal of property and equipment	12,952
Provision on accounts receivable	1,255,791
Changes in assets and liabilities:	
Receivables	11,898,853
Prepaid expenses	106,330
Prepaid income taxes	(222,435)
Other assets	(4,525)
Accounts payable/receivable affiliates	(13,446,986)
Accounts payable	292,532
Accrued project costs	(1,329,959)
Accrued and other liabilities	310,741
Net cash provided by operating activities	104,155
Cash flows from investing activities:	
Proceeds from sale of property and equipment	25,070
Purchase of property and equipment	(587,763)
Net cash used in investing activities	(562,693)
Net decrease in cash and cash equivalents	(458,538)
Cash and cash equivalents:	
Beginning	1,905,850
Ending	$ 1,447,312
Supplemental disclosures of cash flow information:	
Cash received during the year for:	
Income taxes	$ 205,003
Supplemental schedule of noncash financing activity:	
Affiliate dividends	$ 25,812,282

See notes to consolidated financial statements.

Note 1. Nature of Business and Significant Accounting Policies

Principles of consolidation: The consolidated financial statements include the accounts of Louis Berger Services, Inc. (LBS or the Company) and its wholly owned subsidiaries, Louis Berger Logistics Services, Inc., Louis Berger Aircraft Services, Inc., Louis Berger Hawthorne Services, Inc., Louis Berger O&M, LLC (dormant), Louis Berger Power, LLC and Louis Berger SH 130, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

On December 18, 2018, WSP USA Group Holding, Inc. (WSP) purchased Berger Group Holdings, Inc. and its subsidiaries (BGH). Prior to the purchase, LBS was a wholly owned subsidiary of BGH. Subsequent to the purchase, WSP completed a reorganization and LBS became a subsidiary of WSP USA Services, Inc., which is controlled by WSP and its parent, WSP Global Inc., a Canadian public company.

Nature of business: The Company is a leading expert in airfield services, base logistics, highway maintenance, power solutions, infrastructure asset management and fueling services for public and private entities. Working with government agencies in national defense, domestic security, and civilian services, LBS offers maintenance, operation support and airfield construction within the government services industry. The Company was founded in 1997 through its predecessor in the aerospace/defense business, and is headquartered in Washington, D.C.

LBS has three business lines, which are the aerospace and defense logistics division, infrastructure asset management division and power division.

Aerospace and Defense Logistics Division: The aerospace and defense logistics division provides services through large-scale government services contracts for multiple branches of the Department of Defense and other government agencies within the United States (U.S.) and abroad. This division provides services such as aircraft corrosion control, air terminal and ground handling services, aerial delivery services, aviation system planning, aircraft refueling, retail fuel facilities, fuel farm facility construction, recurring maintenance and repair, air ground handling equipment, vehicle operations and maintenance, and passenger terminal and cargo operations.

Infrastructure Asset Management Division: The infrastructure asset management division provides services to help alleviate traffic congestion, improve travel conditions and improve aging infrastructure. The division will provide services including environmental permitting, master planning, operations and maintenance, pavement testing and design, site analysis, corridor studies, toll facility financial feasibility studies, travel demand forecasts and highway construction. Additionally, in order to provide clients with full lifecycle support, the division works collaboratively with environmental scientists, economists, financial analysts and construction managers to ensure high quality results.

Power Division: This division delivers turnkey grid-connected and on-site power solutions through the application of thermal, renewable and hybrid power technology. The power division focuses on providing solutions in emerging and frontier markets, island states and remote locations where speed in deployment and reliability are important. This division offers turnkey project delivery with services including project engineering, equipment procurement, construction, and operations and maintenance.

Louis Berger Aircraft Services Division (LBAS): Louis Berger Aircraft Services, headquartered in Greenville, South Carolina, is a Delaware corporation that was incorporated on February 9, 1996. It is a U.S. government outsourcing contractor specializing in airfield services and logistics. LBAS provides technical and labor services in support of U.S. Department of Defense contracts worldwide, chiefly at military aerial ports. Functions performed include program management, air terminal operations, transient alert services, ATOC operations, cargo operations, transient loads, baggage handling/inspection/trace, hazardous materials and passenger processing.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Louis Berger Hawthorne Services, Inc.: On December 27, 2012, Louis Berger Services, Inc. acquired Hawthorne Services, Inc., headquartered in Greenville, South Carolina. Hawthorne provides aviation fuel services and facility support services to U.S. government, state government agencies and commercial clients by contract. Louis Berger Hawthorne Services is a provider of full lifecycle aircraft fuel services and facilities operation and management (O&M) services across the southeast U.S. In addition to its core fuel services capability, the Company provides various facilities O&M services, including highway service contracting, building maintenance, water and waste water utility operations and large hangar O&M services.

Louis Berger Power LLC (LBP): Provides turnkey grid-connected and on-site power solutions through the application of thermal, renewable and hybrid power technology. LBP is emerging in frontier markets, island states and remote locales where speed in deployment and reliability are valued. LBP offers turnkey project delivery including engineering, procurement and construction, along with operations and maintenance.

Louis Berger Logistics Services: Provides base operations support services which include maintenance services, warehouse and logistics support as well as the maintenance and modification of certain military vehicles.

Louis Berger SH130: Provides operations and maintenance services and back office support to the State Highway 130 Concession Company. The company provides services to maintain, repair and enhance the existing road and associated facilities.

The Company's 2019 fiscal year-end is June 28. The change in fiscal year-end was due to the introduction of a new accounting system in fiscal year 2014 that uses a 13 weeks quarter basis (usually a 4-4-5 week accounting period convention) versus a calendar month-end cycle.

Use of estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts report in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents: The Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Revenue recognition: The Company generates revenue under time-and-material contracts, fixed-price indefinite delivery indefinite quantity, and operations and maintenance contracts. Revenue from time-and-material contracts is recognized based on the level of hours delivered at the appropriate contract billing rates, plus other reimbursable contract costs incurred during the period. Revenue from firm-fixed-price contracts is recognized primarily on a ratable basis over the contract term. Revenue from indefinite delivery indefinite quantity contracts is recognized once the work has been completed. The Company has the right to invoice when the client's Quality Assurance Engineer (QAE) has signed off that the work has been completed to his/her satisfaction. A report is run at the end of each period that shows work approved by the QAE final signature during that period. Revenue from operations and maintenance contracts are recognized in the period that the work is performed. There is no client signature requirement for this type of work as it is fixed work. The Company accounts for all known or anticipated losses on contracts; changes in job performance, job conditions and estimated profitability that may result in revisions to costs and revenue and are then recognized in the period in which the revisions are determined.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable are generated from prime and subcontracting arrangements with U.S. governmental and commercial agencies. Billed amounts represent invoices that have been prepared based on contract terms and sent to the customer. Unbilled amounts represent fees for services rendered that have not been billed. In accordance with industry practice, contract receivables relating to long-term contracts are classified as current, even though portions of these amounts may not be realized within one year. Billed accounts receivable are considered past due if the invoice has been outstanding for more than 30 days. The Company does not charge interest on accounts receivable; however, U.S. governmental agencies may pay interest on invoices outstanding more than 30 days. The Company records interest income from U.S. governmental agencies when received.

Management determines the allowance for doubtful accounts by evaluating individual customer receivables and considering a customer's financial condition, credit history, and current status of billed amounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Property and equipment: Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Upon retirement or sale of an asset, the cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is recognized in the consolidated statement of operations.

Goodwill: The Company's goodwill was recorded as a result of the Company's business combinations using the acquisition method of accounting. The Company does not amortize goodwill, but tests it at least annually for impairment. The Company has elected to perform its annual impairment analysis as of end of each fiscal year. As of June 28, 2019, the Company concluded that goodwill was not impaired.

Intangible assets: Intangible assets consist of definite-lived assets, including customer contracts and relationships. The customer contracts and relationships have an estimated life of 10 years. The intangibles are being amortized using an accelerated cash flow based methodology over their respective estimated lives.

Valuation of long-lived assets: The Company reviews long-lived assets and certain intangible assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the assets to the future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. As of June 28, 2019, the Company concluded that their long-lived assets were not impaired.

Fair value measurements: The Financial Accounting Standards Board's (FASB) authoritative guidance on fair value measurements establishes a framework for measuring fair value, and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Income taxes: The Company and its subsidiaries have presented their current and deferred taxes under the separate return method, whereby the Company is assumed to file a separate return with the taxing authority and pay its applicable tax or receive an appropriate refund from its parent. Deferred income taxes are provided on a liability method, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Financial credit risk: The Company maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Substantially all of the Company's contract receivables are derived from prime contracts and subcontracts with U.S. government agencies or commercial prime contractors thereof. All contract receivables are made on an unsecured basis.

Recently issued accounting pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue From Contracts with Customers (Topic 606)*. This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Company will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. As deferred by ASU 2015-14, this standard will be effective for annual reporting periods beginning after December 15, 2018, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASI 2014-09 recognized at the date of initial application and providing certain additional discloses as defined in ASU 2014-09. In April 2016, the FASB issued ASU 2016-10 *Revenue From Contracts with Customers – Identifying Performance Obligations and Licensing* to assist preparers with identifying performance obligations and implementing licensing guidance under the new revenue standard. In May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients.* This ASU provides clarifying guidance in certain narrow areas and adds some practical expedients relative to assessing collectability, presentations of taxes collected from customers, noncash consideration, contract modifications at transition, and completed contracts at transition and technical corrections. The amendments have the same effective date and transition requirements as ASU 2014-09. The Company has not yet selected a transition method and is currently evaluating the impact of the pending adoption of these ASUs on the consolidated financial statements.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations. Expanded disclosures with additional qualitative and quantitative information will also be required. The adoption will include updates as provided under ASU 2018-10, *Codification Improvements to Topic 842, Leases*. The new standard is effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. The Company is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements and the additional transition method under ASU 2018-11, which allows the company to recognize Topic 842's cumulative effect within retained earnings in the period of adoption.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial instruments. The existing incurred loss model will be replaced with a current expected credit loss (CECL) model for both originated and acquired financial instruments carried at amortized cost and off-balance sheet credit exposures, including loans, loan commitments, held-to-maturity debt securities, financial guarantees, net investment in leases and most receivables. Recognized amortized cost financial assets will be presented at the net amount expected to be collected through an allowance for credit losses. Expected credit losses on off-balance sheet credit exposures will be recognized through a liability. Expected credit losses on available-for-sale (AFS) debt securities will also be recognized through an allowance; however, the allowance for an individual AFS debt security will be limited to the amount by which fair value is below amortized cost. Unlike current guidance, which requires certain favorable changes in expected cash flows to be accreted into interest income, both favorable and unfavorable changes in expected credit losses (and therefore the allowance) will be recognized through credit loss expense as they occur. With the exception of purchased financial assets with a more than insignificant amount of credit deterioration since origination, for which the initial allowance will be added to the purchase price of the assets, the initial allowance on financial assets subject to the scope (whether originated or acquired) will be recognized through credit loss expense. Expanded disclosures will also be required. In November 2018, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*. ASU 2018-19 clarifies that receivables from operating leases are accounted for using the lease guidance and not as financial instruments. The ASUs are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (A Consensus of the FASB Emerging Issues Task Force)*, to reduce diversity in practice, the ASU provides solutions for eight specific statement of cash flows classification issues, including, but not limited to, debt prepayment or debt extinguishment costs, proceeds from the settlement of insurance claims, and distributions received from equity-method investees. The amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles- Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment change. ASU 2017-04 will be effective for the Company, beginning after December 15, 2021. The Company is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

Subsequent events: The Company has evaluated subsequent events for potential required disclosure through April 14, 2020, which represents the date the consolidated financial statements were available to be issued. On August 2, 2019, Louis Berger Logistics Services, Inc. and Louis Berger Power, LLC merged into Louis Berger Hawthorne Services, Inc. The surviving corporation is Louis Berger Hawthorne Services, Inc.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Company. Impacts to the Company's business such as volume of business with certain customers or subcontractors; concentrated revenue from particular services; limited available supply sources; the market or geographic area in which the Company conducts operations make it reasonably possible that the Company is vulnerable to the risk of a near-term severe impact.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, such as expected credit losses on receivables; impairment losses related to intangibles and other long-lived assets; valuation allowances on deferred tax assets; and contingent obligations.

Note 2. Foreign Operations

The Company is exposed to foreign currency risk in the ordinary course of business. Net revenues related to operations in foreign countries was approximately 47% for the year ended June 28, 2019. The Company enters into foreign consulting contracts under which the Company will receive payments in both U.S. dollars and local currencies. Additionally, to improve operating efficiencies, the Company maintains local currencies to fund projects which are expected to incur expenses in local currencies. The Company does not hedge the cash flows related to the revenues associated with contract amounts due in local currencies as it is the Company's intent to use the local currencies to fund local expenditures.

Note 3. Intangible Assets

Identifiable intangible assets as of June 28, 2019, consist of the following:

	Estimated Useful Lives	2019
Customer contracts and relationships	10 years	$ 17,169,895
Less accumulated amortization		15,713,424
Total intangibles, net		$ 1,456,471

The Company evaluated various aspects of business operations, relationships with its vendors and customers, overall industry and market conditions, and other objective and subjective considerations in its determination of the fair values assigned to the identifiable assets and the related estimated lives. The Company continues to monitor the business environment associated with these costs, to determine if it needs to revise the estimated lives used for amortization. No revisions were considered necessary as of June 28, 2019.

The annual amortization expense is expected to be as follows:

Years ending June 28:	
2020	$ 593,105
2021	448,286
2022	415,080
	$ 1,456,471

Amortization expense recognized on all amortizable intangible assets totaled $891,009 for the year ended June 28, 2019.

Note 4. Accounts Receivable

Accounts receivable at June 28, 2019, consist of the following:

Billed receivables	$ 6,463,535
Unbilled receivables	5,276,972
Allowance for doubtful accounts	(1,255,791)
Total receivables	$ 10,484,716

Note 5. Major Customers

Revenue from four customers accounted for approximately $53,442,983 for the year ended June 28, 2019, accounting for 67% of total revenue in 2019. Billed and unbilled receivables relating to these four customers as of June 28, 2019, totaled $2,505,899, and $3,218,143, respectively.

Note 6. Property and Equipment

Property and equipment at June 28, 2019, consists of the following:

	Estimated Useful Lives	
Leasehold improvements	Shorter of lease term or useful life	$ 15,218,007
Computer equipment	5 years	206,731
Software	5 years	75,230
Office furniture	7 years	165,320
Network hardware	5 years	45,681
Field and office equipment	5 years	1,987,505
Automobiles	5 years	2,224,971
		19,923,445
Less accumulated depreciation		17,304,370
		$ 2,619,075

Depreciation expense for the year ended June 28, 2019, was $2,809,927.

Note 7. Income Taxes

The Company files its U.S. federal tax return on a combined basis with WSP, its Parent, and only records its share of income taxes, which is reflected in the Company's tax provision. While the Company does not have a formal tax-sharing agreement with WSP, the Company reimburses WSP for its share of taxes. The Company files its state returns on either a consolidated, combined or separate basis and its foreign returns according to the requirements of each jurisdiction in which it operates.

The effective income tax rate for 2019 is 17.2%, calculated as income taxes divided by income before income taxes.

The components of the income tax benefit were as follows:

Current income tax expense (benefit):	
Federal	$ 31,235
State	(6,285)
Total current	24,950
Deferred income tax (benefit):	
Federal	(388,539)
State	(63,849)
Total deferred	(452,388)
Benefit from income taxes, net	$ (427,438)

Note 7. Income Taxes (Continued)

A reconciliation of the expected statutory tax rate in the U.S. is as follows:

	2019
Statutory rate	21.0 %
Decrease in rate resulting from:	
State rate, net of federal benefit	0.7
Permanent items	1.9
Other	1.2
Effective tax rate	17.2 %

Permanent items impacting the effective tax rate consists primarily of state taxes and permanent tax adjustments to book income.

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The significant components of the Company's net deferred tax assets at June 28, 2019, are as follows:

Long-term deferred tax assets (liabilities):	
Goodwill and intangibles	$ 406,360
Depreciation	486,190
Prepaid expenses	(69,905)
Accrued expenses	107,602
Net operating loss	551,261
Deferred rent	2,776
Subcontractor risk reserve	44,323
Net deferred tax assets	$ 1,528,607

The Company files income tax returns in U.S. federal jurisdictions and various state jurisdictions. The periods subject to examination for the Company's federal tax returns are tax years ending July 1, 2016 through June 29, 2018, as well as the pre-purchase period of June 30, 2018 through December 18, 2018. The periods subject to examination for the Company's state tax returns in significant jurisdictions are tax years ending June 27, 2014 through June 29, 2018, as well as the pre-purchase period of June 30, 2018 through December 18, 2018. The Company does not expect that the total amount of unrecognized tax benefits will significantly change over the next twelve months.

On December 22, 2017, the U.S. enacted significant changes to U.S. tax law following the passage and signing of the Tax Cuts and Jobs Act (TCJA). The TCJA is complex and significantly changes the U.S. corporate income tax system by, among other things, reducing the federal corporate income tax rate from 35% to 21%, transitioning U.S. international taxation from a worldwide tax system to a territorial tax system and imposing a repatriation tax on deemed repatriated accumulated post-1986 earnings of foreign subsidiaries.

Note 7. Income Taxes (Continued)

The Company has evaluated its tax position and has concluded that no uncertainties existed related to open tax years as of June 29, 2018, as well as for the pre-purchase period of June 30, 2018 through December 18, 2018. It is difficult to predict the final timing and resolution of any particular uncertain tax position. Based on the Company's assessment of many factors including past experience and complex judgments about future events, the Company does not currently anticipate any changes to its uncertain tax positions over the next 12 months.

Note 8. Related Parties

The Company has projects in common with various companies that are affiliated by common ownership. Included in revenue and expenses are $359,549 and $16,407,403 of related party transactions related to such projects as of June 28, 2019. The Company had affiliate balances of $2,861,384 included in accounts receivable – affiliates, and $759,847 included in accounts payable – affiliates in the accompanying consolidated balance sheet.

Note 9. Employee Benefit Plans

Through December 18, 2018, the Company had an employer match of employee contributions to its 401(k) defined contribution plan for eligible personnel on U.S. payrolls. The graded service match is based upon the participant's years of service.

Effective June 2012 through December 18, 2018, the Company established an employee stock ownership plan (the ESOP) for the benefit of eligible employees of BGH, and certain of its subsidiaries, including the Company. U.S. employees who attained the age of 20½ and who are not subject to collective bargaining agreements, unless such agreements expressly provide ESOP participation, are eligible to participate in the ESOP. Employer contributions to the ESOP will be allocated to the participants based on matching of the participant's elective deferrals to the 401(k) plan. The ESOP provides for matching of 50% of elective deferrals, limited to maximums ranging from 2% to 5% of compensation, depending on the length of service. Participants are 100% vested in matching contributions after three years of service. The Company may be charged for contributions of other costs associated with the ESOP. There were no such charges for the year ended June 28, 2019.

Both plans ceased to exist upon the WSP acquisition. In 2019, employees were enrolled in an employer match of employee contributions to a 401(k) defined contribution plan through WSP. For the year ended June 28, 2019 contributions for the 401(k) plans and ESOP charged against income amounted to $256,864, and $152,814, respectively.

Note 10. Commitments and Contingencies

The Company leases office space in several locations under operating leases expiring through 2024. Total rent expense for these locations for the year ended June 28, 2019, was $1,176,462. Future minimum lease payments required under these leases are as follows:

Years ending June 28,	
2020	$ 284,372
2021	253,327
2022	218,183
2023	213,306
2024	79,387
	$ 1,048,575

Note 11. Litigation, Uncertainties and Concentrations

General: In the ordinary course of business, the Company provides planning, construction management, engineering and operation and maintenance services. All of these services include potential risks related to quality of technical performance, achieving project schedules, safety and other customary performance obligations. Legal proceedings may be brought against the Company or its operating companies by customers and/or third parties alleging claims such as workers compensation and other employee/labor matters, environmental liability, breach of contract, professional liability and similar matters. The Company seeks to mitigate such potential exposure through the exercise of prudent business judgment in the negotiating of contracts, implementation of quality assurance and quality control procedures, application of safety policies and other policies and procedures.

The Company records accruals for potential monetary liabilities associated with such claims and proceedings in accordance with generally accepted accounting principles. The ultimate legal and financial liability of the Company with respect to such claims and legal proceedings, however, often cannot be estimated with sufficient certainty to establish such accruals, as additional information concerning the estimates used by the Company becomes known, the Company reassesses its position with respect to accrued liabilities and other potential exposures. However, legal fees and related costs, if any, are expensed when incurred. Although the outcome of such claims and legal proceedings cannot be predicted with certainty and no assurances can be provided, management, based on current information and after consultation with counsel, believes that the ultimate resolution of such matters should not have a material adverse impact on the Company's consolidated financial position, operating results or cash flows.

A large proportion of the Company's business is contracted with U.S. federal, state and local governments conducted both within the U.S. and when necessary, internationally. Additionally a small portion of the Company's business is conducted for foreign clients outside the United States. The Company is subject from time to time to reviews, audits, investigations and claims by or on behalf of such agencies with respect to contract performance, pricing, costs, cost allocation, and procurement practices and other applicable laws and regulations. In addition, the Company's tax returns and other filings with U.S. and, where applicable, foreign tax authorities are subject to periodic audit and investigation. The Company may or may not be informed of the existence of such reviews or investigations. A review, investigation or audit of this type often takes years to complete and may not result in an adverse action.

Note 11. Litigation, Uncertainties and Concentrations (Continued)

Such reviews, audits, investigations and claims, however, whether relating to government contracts, conformance with various laws and regulations or conducted for other reasons, potentially could, but unlikely, result in administrative, civil or criminal liabilities including repayments, fines, penalties or potential suspension from future contracting for the government agency in question that could result in a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

In the opinion of management, based on current information and after consultation with counsel, the ultimate resolution of all known audits, investigations and claims should not have a material adverse impact on the Company's consolidated financial position, results of operations or cash flows.

حکومەتی هەرێمی کوردستان - عێراق
…distan Regional Government
فەرمانگەی پەیوەندییەکانی دەرەوە
…epartment of Foreign Relations
نوێنەرایەتی لە ئەمریکا
…epresentation in the USA

No: ٢٠-١١٩١

Date: ٢٠١٠-٥-٢٧

Representative: Barzan Ardalan

نوێنەرایەتی پەسەندی مۆر و واژوو دەکات و لە ناوەڕۆکەکەی بەرپرس نییە

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