

CONCERN AMERICA

AUDITED FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT Including Footnotes

For the Year Ended June 30, 2015





YOU WILL FIND THE AUDITED
FINANCIAL STATEMENTS OF THE
ORGANIZATION ENCLOSED IN THIS
PACKAGE





INDEPENDENT AUDITOR'S REPORT

Board of Directors
Concern America
Santa Ana, California

I have audited the accompanying statement of financial position of Concern America, a nonprofit corporation as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to 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

My responsibility is to express an opinion on these financial statements based on our audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concern America as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Jeffrey Kolsin CPA, Inc.

December 6, 2015

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Concern America
Statement of Financial Condition
June 30, 2015

ASSETS

CURRENT ASSETS:

Cash and equivalents	\$ 6,946.00
Receivables	1,032.00
Prepaid expenses	29,061.00
Inventory	<u>19,703.00</u>
 TOTAL CURRENT ASSETS	 56,742.00

OTHER ASSETS:

Investments	\$14,610.00
Property and equipment (net)	\$9,765.00
Deposits	<u>\$18,223.00</u>
 TOTAL ASSETS	 <u><u>\$ 99,340.00</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 28,847.00
Accrued compensation	3,095.00
Accrued vacation	14,906.00
Payroll tax payable	88,555.00
Repatriation payable	10,800.00
Deferred income	2,300.00
Sales tax payable	168.00
403(b) payable	<u>11,868.00</u>
 TOTAL CURRENT LIABILITIES	 160,539.00

TOTAL LIABILITIES	<u>160,539.00</u>
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NET ASSETS – Unrestricted	\$ (66,282.00)
– Temporarily Restricted	<u>5,083.00</u>

TOTAL NET ASSETS	<u>(61,199.00)</u>
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TOTAL LIABILITES AND NET ASSETS	<u><u>\$ 99,340.00</u></u>
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Concern America
Statement of Activities
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Totals
REVENUES:			
Contributions: Individuals	\$ 695,060.00	\$ 11,757.00	\$ 706,817.00
Contributions: Agency	12,000.00	198,068.00	210,068.00
Donated materials and services	476,078.00		476,078.00
Craft sales	108,335.00		
Less: Cost Of Goods Sold	<u>(48,916.00)</u>	59,419.00	59,419.00
Special events	27,309.00		
Less: Cost Of Direct Benefits	<u>(6,001.00)</u>	21,308.00	21,308.00
Program service revenue	13,455.00		13,455.00
Shipping and handling	-		-
Investment income	267.00		267.00
Unrealized gain (loss) on investments	2,132.00		2,132.00
Other Income	1,416.00		1,416.00
	<u>1,281,135.00</u>	<u>209,825.00</u>	<u>1,490,960.00</u>
Net assets released from restriction			
Satisfaction of specific purposes	226,768.00	(226,768.00)	-
	<u>1,507,903.00</u>	<u>\$ (16,943.00)</u>	<u>\$ 1,490,960.00</u>
TOTAL REVENUES:	\$ 1,507,903.00	\$ (16,943.00)	\$ 1,490,960.00
 EXPENSES:			
PROGRAM SERVICES:			
Field	\$ 1,067,002.00		\$ 1,067,002.00
Crafts	173,891.00		173,891.00
Education	107,908.00		107,908.00
	<u>\$ 1,348,801.00</u>	<u>\$ -</u>	<u>\$ 1,348,801.00</u>
SUPPORTING SERVICES:			
Fundraising	\$ 144,954.00		\$ 144,954.00
Management and general	205,857.00		205,857.00
	<u>\$ 350,811.00</u>	<u>\$ -</u>	<u>\$ 350,811.00</u>
TOTAL EXPENSES	<u>\$ 1,699,612.00</u>	<u>\$ -</u>	<u>\$ 1,699,612.00</u>
INCREASE (DECREASE) IN NET ASSETS	(191,709.00)	(16,943.00)	(208,652.00)
NET ASSETS:			
BEGINNING OF YEAR	125,427.00	22,026.00	147,453.00
	<u>125,427.00</u>	<u>22,026.00</u>	<u>147,453.00</u>
END OF YEAR	\$ (66,282.00)	\$ 5,083.00	\$ (61,199.00)
	<u>\$ (66,282.00)</u>	<u>\$ 5,083.00</u>	<u>\$ (61,199.00)</u>

THE ACCOMPANYING ACCOUNTANT'S REPORT AND NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CONCERN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015**

	PROGRAMS					SUPPORT SERVICES								
						TOTAL				TOTAL				
						PROGRAM				SUPPORT				
	FIELD PROGRAM					Total Field Programs	CRAFTS	EDUCATION	SERVICES	FUNDRAISING			MGT & GENERAL	SERVICES
	MEXICO	CENTRAL AMERICA	SOUTH AMERICA	AFRICA	HOME OFFICE SUPPORT									
Field personnel	102,854.00	71,296.00	42,664.00	15,035.00		\$ 231,849.00			\$ 231,849.00	308.00		\$ 308.00	\$ 232,157.00	
Donated services: Health Programs	179,630.00	143,986.00	69,658.00			\$ 393,274.00			\$ 393,274.00			\$ -	\$ 393,274.00	
Health programs	5,653.00	98,869.00	40,466.00			\$ 144,988.00			\$ 144,988.00			\$ -	\$ 144,988.00	
Education programs	18,094.00					\$ 18,094.00			\$ 18,094.00			\$ -	\$ 18,094.00	
Appropriate technology programs	46,126.00	25,667.00	9,004.00			\$ 80,797.00			\$ 80,797.00			\$ -	\$ 80,797.00	
Community income generating programs	1,203.00	1,094.00				\$ 2,297.00			\$ 2,297.00			\$ -	\$ 2,297.00	
Staff expenses		6,700.00	6,700.00			86,353.00	\$ 99,753.00	117,544.00	89,839.00	\$ 307,136.00	116,442.00	181,033.00	\$ 297,475.00	\$ 604,611.00
Occupancy						18,076.00	\$ 18,076.00	11,041.00	11,071.00	\$ 40,188.00	2,783.00	3,951.00	\$ 6,734.00	\$ 46,922.00
Office expenses						17,881.00	\$ 17,881.00	6,235.00	2,577.00	\$ 26,693.00	3,947.00	4,946.00	\$ 8,893.00	\$ 35,586.00
Printing & publications						7,742.00	\$ 7,742.00	2,384.00	1,240.00	\$ 11,366.00	2,253.00	2,539.00	\$ 4,792.00	\$ 16,158.00
Travel						2,779.00	\$ 2,779.00	912.00	442.00	\$ 4,133.00	803.00	844.00	\$ 1,647.00	\$ 5,780.00
Professional fees							\$ -			\$ -		9,030.00	\$ 9,030.00	\$ 9,030.00
Meetings & conferences						633.00	\$ 633.00	2,155.00	36.00	\$ 2,824.00	1,032.00	628.00	\$ 1,660.00	\$ 4,484.00
Bank services						3,337.00	\$ 3,337.00	4,307.00		\$ 7,644.00	3,991.00	2,677.00	\$ 6,668.00	\$ 14,312.00
Event related costs						32.00	\$ 32.00	8.00	5.00	\$ 45.00	6,704.00	10.00	\$ 6,714.00	\$ 6,759.00
Education program expenses							\$ -		2,677.00	\$ 2,677.00			\$ -	\$ 2,677.00
Fundraising costs							\$ -			\$ -			\$ -	\$ -
Other expenses						45,470.00	\$ 45,470.00	29,305.00	21.00	\$ 74,796.00	6,691.00	199.00	\$ 6,890.00	\$ 81,686.00
TOTALS	\$ 353,560.00	\$ 347,612.00	\$ 168,492.00	\$ 15,035.00	\$ 182,303.00	\$ 1,067,002.00	\$ 173,891.00	\$ 107,908.00	\$ 1,348,801.00	\$ 144,954.00	\$ 205,857.00	\$ 350,811.00	\$ 1,699,612.00	

THE ACCOMPANYING ACCOUNTANT'S REPORT AND NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CONCERN AMERICA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING JUNE 30, 2015

Cash flows from operating activities:

Change in net assets \$ (208,652.00)

Noncash Items Included in Revenues and Expenses

Depreciation	4,748.00
Gain on sale of asset	-
Unrealized losses on investments	(2,132.00)

Increase (decrease) in cash resulting from changes in:

Accounts receivable	68.00
Prepaid expenses	(20,027.00)
Inventory	3,583.00
Security deposits	4,470.00
Accounts payable	14,759.00
Payroll tax payable	79,515.00
Accrued vacation	990.00
Accrued compensation	1,508.00
Repatriation payable	(3,550.00)
Deferred income	2,300.00
Sales tax payable	(287.00)
Pension plan payable	4,223.00
	<u>4,223.00</u>

Net cash provided (used) by operating activities (118,484.00)

Investing activities:

Sale of equipment	-
Donated equipment	-
Purchase of equipment	(1,138.00)
	<u>(1,138.00)</u>

Net cash provided (used) by investing activities (1,138.00)

Financing Activities:

	<u>-</u>
Net cash used by financing activities	<u>-</u>

Net increase (decrease) in cash, and cash equivalents (119,622.00)

Cash and cash equivalents - beginning 126,568.00

Cash and cash equivalents- ending \$ 6,946.00

CONCERN AMERICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Concern America is an international development and refugee aid organization that provides long-term, community-based development and support to economically impoverished communities throughout the world. What distinguishes the work of Concern America is its belief that the transformation of impoverished communities comes from engaging local members in the solutions to their problems. Recognizing that lasting transformation begins by engaging communities in the solutions to their problems, Concern America's training of community members in health, sanitation, and income-generation, etc., builds upon their knowledge and experiences so that the villagers themselves become their own health care providers, engineers, and cooperative business members.

Since its **establishment in 1972**, Concern America has worked in fifteen countries on four continents, making a measurable difference in the lives of more than two million people in thousands of communities. Nationally, Concern America engages groups and individuals in Social Justice Education and Fair Trade Craft programs that take place in southern California and other parts of the United States.

Currently, Concern America supports community development programs in Colombia, Guatemala, Mexico, and Mozambique. All field programs are managed by teams of professionals who serve as non-salaried personnel, receiving only basic living expenses. The average length of volunteer service of these professionals is five years. All field programs, currently led by 14 Concern America volunteers, together with a number of local team members and hundreds of local volunteers trained by Concern America, are supported through the work of a staff of ten full-time and four part-time employees, based in the organization's home office in Santa Ana, California.

The organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Accounting

The financial statements of Concern America have been prepared according to the accounting principles applicable to nonprofit organizations.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

CONCERN AMERICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets—Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets—Net assets subject to donor-imposed restrictions that will be met, either by actions of the Organization and/or the passage of time.

Cash and Cash Equivalents

Concern America considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

Donated services are recognized as contributions in accordance with Financial Accounting Standards Board, if the services meet certain criteria. See Note 2 in regards to volunteer medical professionals recorded as donated services.

Estimates

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

CONCERN AMERICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements

FASB guidance on fair value measurements defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate fair value due to the short maturity of these instruments.

Investments

Concern America carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over estimated useful lives of 5 years.

CONCERN AMERICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Public Support and Revenue Recognition

The organization recognizes revenue in various categories by how the contributions were solicited.

Restricted Support

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Accrued Vacation

Accrued vacation is earned by full time employees at a rate of 10 days per annum, increasing depending on length of service. Accrued vacation for part-time personnel employed 20 hours or more per week is prorated based on the number of hours worked each month. Accumulated and unused vacation is reflected as a liability on the accompanying Statements of Financial Position.

Net Asset Categories

A description of the organization's net asset categories is as follows:

Unrestricted Net Assets — Unrestricted net assets are those that bear no external restrictions as to use or purpose.

Temporarily Restricted Net Assets — Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

Permanently Restricted Net Assets — Permanently restricted net assets consist of contributions subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donors permit the use of all or part of the income earned on such assets.

NOTE 2: DONATED MATERIALS AND SERVICES

Contributed professional services consist of doctors and nurses donating their services to the organization. The costs for these services are based upon the average wages per the United States Department of Labor. In addition, it includes donated materials and Google ad words for advertising. The following are the donated costs:

CONCERN AMERICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Donated services	\$ 393,273
Google ad words	71,934
Donated materials	<u>10,871</u>
Total	<u>\$ 476,078</u>

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Auto	\$ 14,990
Equipment & furniture	35,034
	<u>50,024</u>
Accumulated depreciation	40,258
	<u>\$ 9,765</u>

NOTE 4: CASH AND INVESTMENTS

Cash consists of the following as of June 30:

Demand deposits		<u>\$ 6,946</u>	
	Cost	Market Value	Unrealized Gain (Loss)
Common Stocks	<u>\$ 6,302</u>	<u>\$ 14,610</u>	<u>\$ 8,308</u>
Totals	<u>\$ 6,302</u>	<u>\$ 14,610</u>	<u>\$ 8,308</u>

Net unrealized gains (loss) on investments:

Unrealized gains (losses)	<u>2,132</u>
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NOTE 5: FAIR VALUE MEASUREMENTS

Guidance provided by the FASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring a fair value, a fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

CONCERN AMERICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access at the measurement date. The type of investments included in Level 1 includes listed equities and listed derivatives.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methods used may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Agency believes its valuation methods 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. There have been no changes in the methodologies used at June 30, 2015.

U.S. government securities, corporate bonds, equities and collateralized mortgage obligations are all valued at the closing price reported on the active or observable market on which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Agency's assets and liabilities at fair value as of June 30, 2015:

	Balance as of June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Cash equivalents	\$ 6,946.00	\$ 6,946.00		
U.S. stocks	14,610.00	14,610.00		
Total	\$ 21,556.00	\$ 21,556.00	\$ -	\$ -

CONCERN AMERICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6: OBLIGATIONS UNDER OPERATING LEASES

The Organization's one-year lease on its office facilities in Santa Ana ended August 31, 2015 and an extension has been signed through August 31, 2016. The monthly base lease payments are \$3,000 for the full term and any renewal of the lease. Total rent expense was \$36,000.

Future minimum lease payments under operating leases for facilities and equipment total the following:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2015	\$ 36,000
June 30, 2016	<u>6,000</u>
Total	<u>\$ 42,000</u>

NOTE 7: EMPLOYEE BENEFIT PLAN

The Organization maintains a group tax deferred annuity contract under section 403(b) of the internal revenue code. Under the plan, eligible employees may defer up to 20% of their salary subject to certain annual limits. The organization does not contribute to the 403(b).

NOTE 8: CONCENTRATION OF RISK IN OPERATIONS

The Organization's programs operate in various foreign countries. Changes in the political environment in those countries could disrupt those program activities.

NOTE 9: CONCENTRATION OF CREDIT RISK

Concern America maintains cash in demand deposit accounts that are in bank deposit accounts which, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts. Management believes the organization is not exposed to any significant credit risk related to cash.

NOTE 10: NET ASSETS RELEASED FROM RESTRICTION

Temporarily restricted net assets are available for the following purposes:

The following is temporarily restricted by donor's contributions towards various projects:

**CONCERN AMERICA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

HEALTH PROGRAMS	\$ -
APPROPRIATE TECH PROGRAMS	3,776.00
EDUCATION PROGRAMS	667.00
GENERAL/MANAGEMENT	<u>640.00</u>
TOTAL RESTRICTED FUNDS AT JUNE 30, 2015	<u><u>\$ 5,083.00</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Purpose restriction accomplished:

HEALTH PROGRAMS	\$ 142,029.00
APPROPRIATE TECH PROGRAMS	67,786.00
EDUCATION PROGRAMS	11,333.00
GENERAL/MANAGEMENT	120.00
INCOME-GENERATION PROGRAMS	<u>5,500.00</u>
TOTAL RESTRICTED FUNDS RELEASED	<u><u>\$ 226,768.00</u></u>

NOTE 11: CONCENTRATION – Major Contributions

For the fiscal year ended June 30, 2015, approximately 15%, or \$ 222,186 of Concern America contribution revenue came from five donors.

NOTE 12: SUBSEQUENT EVENTS

Concern America evaluated its June 30, 2015, financial statements for subsequent events through December 6, 2015, the date the financial statements were available to be issued. Concern America is not aware of any subsequent events that would require recognition or disclosure in the financial statements.