

CONCERN AMERICA  
FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Concern America

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Concern America (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

### **Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

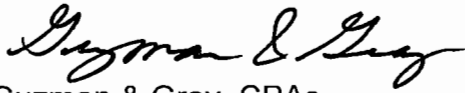
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.

INDEPENDENT AUDITORS' REPORT (Continued)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concern America as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Guzman & Gray, CPAs  
Long Beach, CA  
September 15, 2021

**CONCERN AMERICA  
STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2021 AND 2020**

ASSETS

	June 30,	
	2021	2020
CURRENT ASSETS		
Cash	\$ 432,614	\$ 175,760
Prepaid expenses	8,909	14,744
Inventory	38,177	25,694
Total Current Assets	479,700	216,198
INVESTMENTS	4,485	3,852
PROPERTY AND EQUIPMENT, net	352	736
INTANGIBLE ASSET, net	8,554	9,531
OTHER ASSETS		
Deposits	450	450
TOTAL ASSETS	\$ 493,541	\$ 230,767
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 23,335	\$ 16,702
Accrued expenses	28,223	27,213
Total Current Liabilities	51,558	43,915
VOLUNTEER RETIREMENT FUND PAYABLE	10,350	
TOTAL LIABILITIES	61,908	43,915
NET ASSETS		
Without donor restrictions	374,329	171,852
With donor restrictions	57,304	15,000
TOTAL NET ASSETS	431,633	186,852
TOTAL LIABILITIES AND NET ASSETS	\$ 493,541	\$ 230,767

See Independent Auditors' Report and Notes to Financial Statements.

**CONCERN AMERICA**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 529,831	\$ 87,304	\$ 617,135
Donated materials and services	723,797		723,797
Paycheck Protection Program	79,631		79,631
Craft sales, net cost of goods sold of \$10,631	16,675		16,675
Investment return, net	10		10
Other revenue	20		20
Gross special events revenue	\$ 423,744		
Less cost of direct benefits to donors	(6,568)		
Net special events revenue	417,176		417,176
	1,767,140	87,304	1,854,444
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
	45,000	(45,000)	
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,812,140</b>	<b>42,304</b>	<b>1,854,444</b>
<b>EXPENSES</b>			
Program services	1,357,453		1,357,453
Management and general	151,150		151,150
Fundraising and development	101,060		101,060
<b>TOTAL EXPENSES</b>	<b>1,609,663</b>		<b>1,609,663</b>
<b>CHANGE IN NET ASSETS</b>	<b>202,477</b>	<b>42,304</b>	<b>244,781</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>171,852</b>	<b>15,000</b>	<b>186,852</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 374,329</b>	<b>\$ 57,304</b>	<b>\$ 431,633</b>

See Independent Auditors' Report and Notes to Financial Statements.

**CONCERN AMERICA**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 612,033	\$ 15,000	\$ 627,033
Donated materials and services	681,599		681,599
Paycheck Protection Program	86,780		86,780
Craft sales, net cost of goods sold of \$24,280	47,787		47,787
Program service revenue	4,158		4,158
Investment return, net	742		742
Other revenue	1,305		1,305
Gross special events revenue	\$ 212,971		
Less cost of direct benefits to donors	<u>(7,913)</u>		
Net special events revenue	205,058		205,058
	1,639,462	15,000	1,654,462
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
	1,639,462	15,000	1,654,462
<b>TOTAL SUPPORT AND REVENUE</b>			
	1,639,462	15,000	1,654,462
<b>EXPENSES</b>			
Program services	1,369,141		1,369,141
Management and general	173,777		173,777
Fundraising and development	91,091		91,091
	1,634,009		1,634,009
<b>TOTAL EXPENSES</b>			
	1,634,009		1,634,009
<b>CHANGE IN NET ASSETS</b>	5,453	15,000	20,453
<b>NET ASSETS, BEGINNING OF YEAR</b>	166,399		166,399
<b>NET ASSETS, END OF YEAR</b>	\$ 171,852	\$ 15,000	\$ 186,852

See Independent Auditors' Report and Notes to Financial Statements.

**CONCERN AMERICA  
STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services				Management and General	Fundraising and Development	Cost of Direct Benefits to Donors	Total
	Field Program	Crafts	Education	Total Program				
Volunteers wages	\$ 90,886			\$ 90,886				\$ 90,886
Field program expenses	229,498			229,498				229,498
Donated services	718,345			718,345				718,345
Staff and field volunteer wages	101,557	\$ 50,561	\$ 52,377	204,495	\$ 71,416	\$ 66,108		342,019
Employee benefits	28,342	9,076	5,061	42,479	7,046	11,866		61,391
Staff acknowledgement	713	355	368	1,436	501	464		2,401
Insurance					10,141			10,141
Travel	270	134	139	543	190	176		909
Meetings	60	30	31	121	42	39		202
Occupancy	13,669	6,806	7,050	27,525	9,612	8,898		46,035
Bank charges and merchant fees					13,185			13,185
Office	2,468	1,229	1,273	4,970	1,736	1,607		8,313
Printing	5,338	2,657	2,753	10,748	3,754	3,475		17,977
Postage and shipping	1,862	1,199	961	4,022	1,310	941		6,273
Telecommunications	1,970	981	1,016	3,967	1,385	1,282		6,634
Technology and information	155	77	80	312	109	101		522
Accounting					8,750			8,750
Other professional services					18,087			18,087
Other	56	28	28	112	39	36		187
Outreach					250	250		500
Special events							\$ 6,568	6,568
Filing fees and taxes					(2,687)			(2,687)
Payroll tax	8,532	4,248	4,400	17,180	6,000	5,554		28,734
Depreciation and amortization	404	201	209	814	284	263		1,361
Subtotal	1,204,125	77,582	75,746	1,357,453	151,150	101,060	6,568	1,616,231
Less expenses included with revenues on the statement of activities:								
Cost of direct benefits to donors							(6,568)	(6,568)
Total	<u>\$ 1,204,125</u>	<u>\$ 77,582</u>	<u>\$ 75,746</u>	<u>\$ 1,357,453</u>	<u>\$ 151,150</u>	<u>\$ 101,060</u>	<u>\$ -</u>	<u>\$ 1,609,663</u>

See Independent Auditors' Report and Notes to Financial Statements.



**CONCERN AMERICA  
STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services				Management and General	Fundraising and Development	Cost of Direct Benefits to Donors	Total
	Field Program	Crafts	Education	Total Program				
Volunteers wages	\$ 107,005			\$ 107,005				\$ 107,005
Field program expenses	298,131			298,131	\$ 1,178			299,309
Workshops	103	\$ 47	\$ 38	188	68	\$ 54		310
Donated services	663,691			663,691				663,691
Staff and field volunteer wages	103,204	46,803	38,311	188,318	67,606	54,087		310,011
Employee benefits	28,624	4,946	4,049	37,619	13,057	10,710		61,386
Staff acknowledgement	608	276	226	1,110	398	319		1,827
Insurance					10,933			10,933
Travel	2,810	259	156	3,225	699	148		4,072
Meetings	567	257	211	1,035	371	297		1,703
Occupancy	14,797	6,710	5,493	27,000	9,693	7,755		44,448
Bank charges and merchant fees					13,624			13,624
Office	3,134	1,421	1,163	5,718	2,053	1,642		9,413
Printing	4,260	1,932	1,582	7,774	2,791	6,549		17,114
Postage and shipping	1,137	1,777	647	3,561	951	722		5,234
Telecommunications	2,601	1,180	965	4,746	1,704	1,363		7,813
Technology and information	329	149	122	600	215	172		987
Accounting					8,450			8,450
Other professional services					28,038			28,038
Other		175		175				175
Outreach					904	903		1,807
Speaker						1,208		1,208
Cost of direct benefits to donors							\$ 7,913	7,913
Crafts exhibit		1,274		1,274				1,274
Filing fees and taxes					4,349			4,349
Payroll tax	9,691	4,395	3,597	17,683	6,348	5,079		29,110
Depreciation and amortization	158	72	58	288	347	83		718
Subtotal	1,240,850	71,673	56,618	1,369,141	173,777	91,091	7,913	1,641,922
Less expenses included with revenues on the statement of activities:								
Cost of direct benefits to donors							(7,913)	(7,913)
Total	\$ 1,240,850	\$ 71,673	\$ 56,618	\$ 1,369,141	\$ 173,777	\$ 91,091	\$ -	\$ 1,634,009

See Independent Auditors' Report and Notes to Financial Statements.

**CONCERN AMERICA  
STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 244,781	\$ 20,453
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,361	718
Realized gain on investments	(385)	
Unrealized (gain) loss on investments	442	(683)
Paycheck Protection Program	(79,631)	
(Increase) decrease:		
Accounts receivable		7,640
Prepaid expenses	5,835	3,635
Inventory	(12,483)	(1,853)
Increase (decrease):		
Accounts payable	6,633	6,577
Accrued expenses	1,010	(4,086)
Retirement fund payable	10,350	
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>177,913</b>	<b>32,401</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Reinvestments	(690)	
Patents acquired		(9,775)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(690)</b>	<b>(9,775)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Paycheck Protection Program loan proceeds	79,631	
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>79,631</b>	
<b>NET INCREASE IN CASH</b>	<b>256,854</b>	<b>22,626</b>
<b>CASH, BEGINNING OF THE YEAR</b>	<b>175,760</b>	<b>153,134</b>
<b>CASH, END OF YEAR</b>	<b>\$ 432,614</b>	<b>\$ 175,760</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest expense	NONE	NONE
Income tax expense	NONE	NONE

See Independent Auditors' Report and Notes to Financial Statements.

**CONCERN AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 1 – THE ORGANIZATION**

**Nature of Activities**

Concern America (the “Organization”) 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 the Organization 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, the Organization’s training of community members in health, sanitation, income-generation, and 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, the Organization 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, the Organization 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.

The Organization currently operates community-centered programs in materially impoverished areas in Colombia, Guatemala, and Mexico. 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 19 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 eight full-time and two part-time employees, based in the Organization’s home office in Santa Ana, California, as of June 30, 2019.

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.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Organization uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**CONCERN AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements Implemented

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenues from Contracts with Customers (Topic 606). The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services using a five-step approach. The Organization's adoption of this new guidance does not have a material impact on the Organization's financial statements.

In September 2020, the FASB issued ASU 2020-07 (the "Update"), Not-for-Profit Entities (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU aims to increase transparency of contributed nonfinancial assets, commonly known as gifts-in-kind, through enhancement to presentation and disclosures. Not-for-Profit entities are required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and to disclose the disaggregation of the amount contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. Each category is subject to certain additional disclosures. The Update should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization's adoption of the Update does not have a material impact on the Organization's financial statements.

Net Asset Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets released from donor restrictions

Net assets are released by incurring expenses satisfying the restriction or by occurrence of other events specified by donors.

**CONCERN AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Fair Value of Financial Instruments

Generally accepted accounting principles (GAAP) define fair value as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Inventories

Crafts and books are valued using the lower of cost or market by the conventional retail inventory method.

Property and Equipment

Property and equipment are carried at cost or if donated, at the fair market value at date of donation. Depreciation is computed using primarily the straight-line method over estimated useful lives of 5 years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

**CONCERN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets

Intangible assets consist of patents which are amortized using the straight-line method over their useful life of 10 years.

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 included under “Accrued expenses” in the accompanying statements of financial position.

Revenue Recognition

Contributions

The Organization recognizes contributions when cash, securities, other assets, or unconditional promise to give are received. Contributions that are not restricted by donor are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Organization uses the allowance method to determine uncollectable unconditional promises to give. The allowance is based on prior years’ experience and management’s analysis of specific promises made. The Organization has no unconditional promises to give at June 30, 2021.

Donated Materials and Services

Donated materials are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated materials to a specific purpose.

The Organization recognizes the contribution of services if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized. See Note 10 with regards to volunteer medical, educational, and engineering professionals recorded as donated services.

**CONCERN AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Paycheck Protection Program Loan Forgiveness

The Organization has adopted policies to recognize its Paycheck Protection Program (“PPP”) loan as revenue after requirements for loan forgiveness, established by the Small Business Administration (“SBA”), have been satisfied. These requirements are discussed in Note 9.

Craft Sales

Craft sales are recognized as revenue at the point of sale.

Special Events

Special events are organized to raise contributions to support the Organization’s activities. The participants of these events are offered something of value for a sum that exceeds the costs of the benefits provided to the participants. The difference between the amount paid by the donor and the fair value of the benefit received by the donor is considered a contribution. The items of value given to the donor are referred to as “cost of direct benefits to donors.” These are the actual costs of the items and services furnished to the donor to attend the special event. The cost of direct benefit to donors is presented as a line item deducted from gross special events revenue in the accompanying statements of activities.

Functional Allocation of Expenses

The costs of providing the various program and other activities have been summarized on a functional basis in the statements of activities and detailed in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management’s estimates, which is based on the prorated share of direct program expenses incurred by the programs for operating expenses. Expenses that can be identified with specific programs and support services are allocated directly according to their natural expenditure classification.

Income Tax Status

The Organization has qualified for tax-exempt status under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Organization has also been classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(c)(2). Income for certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income. No provision for income taxes has been made in the accompanying financial statements, however, since there is no unrelated business activity.

**CONCERN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (ASU 2016-02). 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 income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS

GAAP emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and 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. As a basis for considering market participant assumptions in fair market value measurements, GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). Level 1 inputs utilize quoted prices in active market for identical assets or liabilities that the Organization has the ability to access. Level 2 inputs utilize other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability, such as interest rates, that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based upon inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.



**CONCERN AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)**

Fair values of assets measured on a recurring basis at June 30, 2021 and 2020 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Investments at June 30, 2021	<u>\$ 4,485</u>	<u>\$ 4,485</u>
Investments at June 20, 2020	<u>\$ 3,852</u>	<u>\$ 3,852</u>

The carrying amounts of financial instruments which include cash, accounts payable, and accrued expenses approximate fair values based on their short-term nature.

Fair values of assets measured on a nonrecurring basis at June 30, 2021 and 2020 are as follows:

	<u>Fair Value</u>	<u>Unobservable Inputs (Level 3)</u>
Patents at June 30, 2021	<u>\$ 8,554</u>	<u>\$ 8,554</u>
Patents at June 20, 2020	<u>\$ 9,531</u>	<u>\$ 9,531</u>

The assumptions used to determine the fair value of patents are considered level 3 inputs.

**NOTE 4 – INVESTMENTS**

Investments consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Common stock	<u>\$ 4,485</u>	<u>3,852</u>

Net investment return consists of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest income	\$ 67	59
Unrealized gain (loss) on investments	(442)	683
Realized gain on investments	385	
	<u>\$ 10</u>	<u>\$ 742</u>

**CONCERN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 5 – INVENTORY**

Inventory consists of the following at June 30, 2021 and 2020:

	2021	2020
Crafts and books	\$ 38,177	\$ 25,694

**NOTE 6 – PROPERTY AND EQUIPMENT, net**

Property and equipment consist of the following at June 30, 2021 and 2020:

	2021	2020
Auto	\$ 14,990	\$ 14,990
Equipment and furniture	22,111	22,111
	37,101	37,101
Less: Accumulated depreciation	(36,749)	(36,365)
	\$ 352	\$ 736

Depreciation expense was \$384 and \$474 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 7 – INTANGIBLE ASSET, net**

In March 2020, the Organization was granted patent and trademark registrations for a heart design mark composed of circular and heart-shaped lines and for a caption "Grow A Global Heart."

Intangible asset is summarized as follows at June 30, 2021 and 2020:

	2021	2020
Patents	\$ 9,775	\$ 9,775
Less: Accumulated amortization	(1,221)	(244)
	\$ 8,554	\$ 9,531

Amortization expense was \$977 and \$244 for the years ended June 30, 2021 and 2020, respectively.

**CONCERN AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

NOTE 7 – INTANGIBLE ASSET, net (Continued)

Estimates of amortization expense for the five succeeding years are as follows:

<u>Year Ending June 30,</u>		
2022	\$	978
2023		978
2024		978
2025		978
2026		978
		<hr/>
	\$	<u>4,890</u>

NOTE 8 – LINE OF CREDIT

The Organization has a line of credit with Northern Trust for \$50,000, at an interest rate of 2.3%. The Organization did not use its line of credit during the years ended June 30, 2021 and 2020.

NOTE 9 – PAYCHECK PROTECTION PROGRAM

Paycheck Protection Program

In March 2021, the Organization received loan proceeds in the amount of \$79,631 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Organization has used all of the proceeds for purposes consistent with the PPP agreement during the year ended June 30, 2021. Because the Organization believes that its use of the loan proceeds meets the conditions for forgiveness of the loan, the total PPP amount of \$79,631 is reported as revenue in the statement of activities and changes in net assets.

The PPP loan was forgiven by the Small Business Administration on July 7, 2021.

NOTE 10 – VOLUNTEER RETIREMENT FUND PAYABLE

The Organization has a non-qualified retirement fund consisting of funds set aside for certain volunteers when they are no longer providing volunteer services for the Organization. The volunteer retirement fund payable was \$10,350 at June 30, 2021. There was no volunteer retirement fund payable at June 30, 2020.

**CONCERN AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 11 – DONATED MATERIALS AND SERVICES**

Donated materials and services consist of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Services	\$ 718,345	\$ 679,491
Advertising	500	1,807
Materials	4,952	301
	\$ 723,797	\$ 681,599

Contributed professional services consist of doctors, nurses, teachers, engineers and other specialists 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, the Organization received advertising and various in-kind materials during the years ended June 30, 2021 and 2020.

**NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020

	2021	2020
Subject to expenditure for specified purpose:		
Food conservation and health programs	\$ 57,304	\$ 15,000

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors totaling \$45,000 for the year ended June 30, 2021. There were no net assets released from restrictions for the year ended June 30, 2020.

**NOTE 13 – 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 14 – LEASE COMMITMENTS**

The Organization's one-year lease relating to its office facilities in Santa Ana has been renewed and covers the period from July 1, 2021 to June 30, 2022. The base lease payment is \$3,000 per month. Total office rent expense was \$36,000 for both years ending June 30, 2021 and 2020 which is included under "Occupancy" in the accompanying statements of functional expenses.

**CONCERN AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 14 – LEASE COMMITMENTS (Continued)**

The Organization entered into a non-cancelable operating office copier lease agreement for 60 months at monthly payments of \$98. The lease expires in June 2025

Future minimum operating lease payments for facilities and equipment at June 30, 2020 are as follows:

Year Ending June 30,	Rent	Equipment
2022	\$ 36,000	\$ 1,176
2023		1,176
2024		1,176
2025		1,176
	\$ 36,000	\$ 4,704

**NOTE 15 – CONCENTRATION, RISKS, AND UNCERTAINTIES**

The Organization maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per account holder. Management believes that it has invested in high credit, quality institutions for which the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these accounts.

Contributions and donated materials and services accounted for 72% and 79% of total support and revenue for the years ended June 30, 2021 and 2020, respectively.

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

On June 15, 2021, the California Governor temporarily lifted certain COVID-19 restrictions and put in place a new public health order. However, any changes in the COVID-19 pandemic could be subject to the Governor reinstating certain public restrictive guidelines including shuttering public events and other services. The effect of any changes could have an uncertain impact on the Organization’s financial position and net activities.

**CONCERN AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**NOTE 16 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021, comprise of the following:

Cash	\$ 432,614
Investments	<u>4,485</u>
Financial assets, at year end	437,099
Less: Donor-imposed restrictions	<u>(57,304)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 379,795</u></u>

The board of directors and management prepare a budget each year based on their knowledge of prior year transactions and potential transactions. Once a month the board of directors and management review the Organization's financial statements to determine the Organization's liquid position and future prospects.

Additionally, the Organization may borrow up to \$50,000 from a revolving line of credit to support its short-term working capital requirements.

**NOTE 17 – SUBSEQUENT EVENTS**

Management has evaluated events and transactions that would require recognition or disclosure through September 15, 2021, which was the date the financial statements were available to be issued.

As stated in Note 9, the PPP loan totaling \$79,631 was forgiven by the Small Business Administration on July 7, 2021.