

**CONCERN AMERICA
FINANCIAL STATEMENTS**

JUNE 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Concern America

Opinion

We have audited the accompanying financial statements of Concern America (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concern America as of June 30, 2022 and 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a

material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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



Guzman & Gray, CPAs
Long Beach, CA
October 3, 2022

**CONCERN AMERICA
STATEMENTS OF FINANCIAL POSITION**

JUNE 30, 2022 AND 2021

ASSETS

	June 30,	
	2022	2021
CURRENT ASSETS		
Cash	\$ 561,435	\$ 432,614
Prepaid expenses	12,042	8,909
Inventory	24,507	38,177
Total Current Assets	597,984	479,700
INVESTMENTS	1,655	4,485
PROPERTY AND EQUIPMENT, net	-	352
INTANGIBLE ASSET, net	7,576	8,554
OTHER ASSETS		
Deposits	450	450
TOTAL ASSETS	\$ 607,665	\$ 493,541
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,688	\$ 23,335
Accrued expenses	33,678	28,223
Total Current Liabilities	38,366	51,558
VOLUNTEER RETIREMENT FUND PAYABLE	17,100	10,350
TOTAL LIABILITIES	55,466	61,908
NET ASSETS		
Without donor restrictions	542,957	374,329
With donor restrictions	9,242	57,304
TOTAL NET ASSETS	552,199	431,633
TOTAL LIABILITIES AND NET ASSETS	\$ 607,665	\$ 493,541

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 586,348	\$ 24,242	\$ 610,590
Donated materials and services	519,214		519,214
Paycheck Protection Program	-		-
Craft sales, net cost of goods sold of \$31,069	38,891		38,891
Investment return, net	(2,286)		(2,286)
Other revenue	163		163
Gross special events revenue	\$ 546,336		
Less cost of direct benefits to donors	(26,310)		
Net special events revenue	520,026		520,026
	1,662,356	24,242	1,686,598
NET ASSETS RELEASED FROM RESTRICTIONS	72,304	(72,304)	
TOTAL SUPPORT AND REVENUE	1,734,660	(48,062)	1,686,598
EXPENSES			
Program services	1,245,951		1,245,951
Management and general	211,183		211,183
Fundraising and development	108,898		108,898
TOTAL EXPENSES	1,566,032		1,566,032
CHANGE IN NET ASSETS	168,628	(48,062)	120,566
NET ASSETS, BEGINNING OF YEAR	374,329	57,304	431,633
NET ASSETS, END OF YEAR	\$ 542,957	\$ 9,242	\$ 552,199

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
SUPPORT AND REVENUE			
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
NET ASSETS RELEASED FROM RESTRICTIONS	45,000	(45,000)	
TOTAL SUPPORT AND REVENUE	1,812,140	42,304	1,854,444
EXPENSES			
Program services	1,357,453		1,357,453
Management and general	151,150		151,150
Fundraising and development	101,060		101,060
TOTAL EXPENSES	1,609,663		1,609,663
CHANGE IN NET ASSETS	202,477	42,304	244,781
NET ASSETS, BEGINNING OF YEAR	171,852	15,000	186,852
NET ASSETS, END OF YEAR	\$ 374,329	\$ 57,304	\$ 431,633

See Independent Auditors' Report and Notes to Financial Statements.

**CONCERN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES**

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services				Management and General	Fundraising and Development	Cost of Direct Benefits to Donors	Total
	Field Program	Crafts	Education	Total Program				
Volunteers wages	\$ 103,411			\$ 103,411				\$ 103,411
Field program expenses	369,206			369,206				369,206
Donated services	435,395			435,395				435,395
Staff and field volunteer wages	102,864	68,670	52,932	224,466	72,276	72,676		369,418
Employee benefits	28,345	6,210	4,785	39,340	9,516	11,967		60,823
Staff acknowledgement	782	522	403	1,707	550	553		2,810
Insurance					11,986			11,986
Travel	327	218	168	713	231	231		1,175
Meetings	103	102	103	308	410	102		820
Occupancy	13,656	9,117	7,017	29,790	9,605	9,648		49,043
Bank charges and merchant fees					18,023			18,023
Interest charges					10			10
Office	2,709	1,447	1,262	5,418	1,806	1,806		9,030
Printing	3,528	2,355	1,817	7,700	2,479	2,491		12,670
Postage and shipping	1,766	2,152	908	4,826	1,241	1,247		7,314
Telecommunications	1,406	939	723	3,068	988	993		5,049
Technology and information	87	58	45	190	61	61		312
Accounting					8,900			8,900
Other professional services					65,600			65,600
Outreach					675	675		1,350
Speaker Expense			500	500				500
Special events							26,310	26,310
Filing fees and taxes					414			414
Payroll tax	8,755	5,845	4,505	19,105	6,152	6,186		31,443
Depreciation and amortization	370	247	191	808	260	262		1,330
Subtotal	1,072,710	97,882	75,359	1,245,951	211,183	108,898	26,310	1,592,342
Less expenses included with revenues on the statement of activities:								
Cost of direct benefits to donors							(26,310)	(26,310)
Total	\$ 1,072,710	\$ 97,882	\$ 75,359	\$ 1,245,951	\$ 211,183	\$ 108,898	\$ -	\$ 1,566,032

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	\$ 1,204,125	\$ 77,582	\$ 75,746	\$ 1,357,453	\$ 151,150	\$ 101,060	\$ -	\$ 1,609,663

See Independent Auditors' Report and Notes to Financial Statements.

**CONCERN AMERICA
STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 120,566	\$ 244,781
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,330	1,361
Realized gain on investments		(385)
Unrealized (gain) loss on investments	2,834	442
Paycheck Protection Program	-	(79,631)
(Increase) decrease:		
Accounts receivable		
Prepaid expenses	(3,133)	5,835
Inventory	13,670	(12,483)
Increase (decrease):		
Accounts payable	(18,648)	6,633
Accrued expenses	5,455	1,010
Retirement fund payable	6,750	10,350
	128,824	177,913
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvestments	(3)	(690)
NET CASH FROM INVESTING ACTIVITIES	(3)	(690)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection Program loan proceeds	-	79,631
NET CASH FROM FINANCING ACTIVITIES	-	79,631
NET INCREASE IN CASH	128,821	256,854
CASH, BEGINNING OF THE YEAR	432,614	175,760
CASH, END OF YEAR	\$ 561,435	\$ 432,614
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
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, 2022 AND 2021

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, 2022 AND 2021

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, 2022 AND 2021

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, 2022 AND 2021

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, 2022.

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, 2022 AND 2021

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, 2022 AND 2021

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, 2022 AND 2021

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis at June 30, 2022 and 2021 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Investments at June 30, 2022	<u>\$ 1,655</u>	<u>\$ 1,655</u>
Investments at June 30, 2021	<u>\$ 4,485</u>	<u>\$ 4,485</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, 2022 and 2021 are as follows:

	<u>Fair Value</u>	<u>Unobservable Inputs (Level 3)</u>
Patents at June 30, 2022	<u>\$ 7,576</u>	<u>\$ 7,576</u>
Patents at June 30, 2021	<u>\$ 8,554</u>	<u>\$ 8,554</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Common stock	<u>\$ 1,655</u>	<u>\$ 4,485</u>

Net investment return consists of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest income	\$ 548	\$ 67
Unrealized gain (loss) on investments	(2,834)	(442)
Realized gain on investments	-	385
	<u>\$ (2,286)</u>	<u>\$ 10</u>

**CONCERN AMERICA
NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2022 AND 2021

NOTE 5 – INVENTORY

Inventory consists of the following at June 30, 2022 and 2021:

	2022	2021
Crafts and books	\$ 24,507	\$ 38,177

NOTE 6 – PROPERTY AND EQUIPMENT, net

Property and equipment consist of the following at June 30, 2022 and 2021:

	2022	2021
Auto	\$ 14,990	\$ 14,990
Equipment and furniture	22,111	22,111
	37,101	37,101
Less: Accumulated depreciation	(37,101)	(36,749)
	\$ (0)	\$ 352

Depreciation expense was \$352 and \$384 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021:

	2022	2021
Patents	\$ 9,775	\$ 9,775
Less: Accumulated amortization	(2,199)	(1,221)
	\$ 7,576	\$ 8,554

Amortization expense was \$978 and \$977 for the years ended June 30, 2022 and 2021, respectively.

**CONCERN AMERICA
NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2022 AND 2021

NOTE 7 – INTANGIBLE ASSET, net (Continued)

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

<u>Year Ending June 30,</u>	
2023	\$ 978
2024	978
2025	978
2026	978
2027	978
Thereafter	4,641
	<u>\$ 9,531</u>

NOTE 8 – 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 9 – 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 \$17,100 at June 30, 2022 and \$10,350 at June 30, 2021.

**CONCERN AMERICA
NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2022 AND 2021

NOTE 10 – DONATED MATERIALS AND SERVICES

Donated materials and services consist of the following for the years ended June 30, 2022 and 2021:

	2022	2021
Services	\$ 478,601	\$ 718,345
Advertising	1,070	500
Materials	39,543	4,952
	\$ 519,214	\$ 723,797

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, 2022 and 2021. Legal services contributed during the fiscal year ending June 30, 2022 were for the periodic review of the bylaws and other administrative needs and were valued at fair market value.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2022 and 2021

	2022	2021
Subject to expenditure for specified purpose:		
Food conservation and health programs	\$ 9,242	\$ 57,304

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors totaling \$72,304 for the year ended June 30, 2022 and \$45,000 for the year ended June 30, 2021.

NOTE 12 – 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).

**CONCERN AMERICA
NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2022 AND 2021

NOTE 13 – 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, 2022 to June 30, 2023. The base lease payment is \$3,000 per month. Total office rent expense was \$36,000 for both years ending June 30, 2022 and 2021 which is included under "Occupancy" in the accompanying statements of functional expenses.

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, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Rent</u>	<u>Equipment</u>
2023	\$ 36,000	\$ 1,176
2024		1,176
2025		1,176
	<u>\$ 36,000</u>	<u>\$ 3,528</u>

NOTE 14 – 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 67% and 72% of total support and revenue for the years ended June 30, 2022 and 2021, 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, 2022 AND 2021

NOTE 15 – 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, 2022, comprise of the following:

Cash	\$ 561,435
Investments	<u>1,655</u>
Financial assets, at year end	563,090
Less: Donor-imposed restrictions	<u>9,242</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 572,332</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.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated events and transactions that would require recognition or disclosure through October 3, 2022, which was the date the financial statements were available to be issued.