

CONCERN AMERICA

(A Nonprofit Public Benefit Corporation)

Comparative Financial Statements
and Independent Auditor's
Report

June 30, 2024 and 2023



CONCERN AMERICA

June 30, 2024 and 2023

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INDEPENDENT ACCOUNTANT'S REPORT

The Board of Directors
Concern America

Opinion

We have audited the accompanying financial statements of Concern America, a non-profit public benefit corporation (the "Corporation"), which comprise the comparative statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows, and functional expenses 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, 2024 and the changes in its net assets and its cash flows for the year 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 (GAAS). 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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.

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.

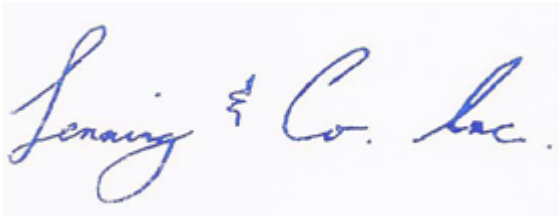
Auditor's Responsibility for the Audit of the Financial Statements

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements, including omissions, 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 GAAS, 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.

A handwritten signature in blue ink that reads "Lanning & Co. LLC". The signature is written in a cursive style with a small ampersand between "Lanning" and "Co.". The text is contained within a light blue rectangular box.

Seal Beach, CA

October 8, 2024

CONCERN AMERICA
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

ASSETS

	June 30,	
	2024	2023
Current Assets		
Cash	\$ 490,820	\$ 373,354
Investments	672,558	109,261
Promises to give	27,359	500,000
Other receivable	-	869
Inventory	19,711	16,110
Prepaid expenses	13,660	14,811
Total Current Assets	1,224,108	1,014,405
Property and Equipment		
Equipment	22,111	22,111
Vehicles	66,990	43,490
Less: Accumulated depreciation	(48,926)	(38,526)
Net Property and Equipment	40,175	27,075
Other Assets		
Intangible assets, net	5,621	6,598
Deposits	450	450
Total Other Assets	6,071	7,048
Total Assets	\$ 1,270,354	\$ 1,048,528

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 5,306	\$ 2,548
Accrued expenses	42,207	18,382
Repatriation payable	6,000	8,000
Deferred revenue	10,941	-
Total Current Liabilities	64,454	28,930
Non-Current Liabilities		
Field volunteer retirement fund payable	20,328	23,400
Total Non-Current Liabilities	20,328	23,400
Total Liabilities	84,782	52,330
Net Assets		
Without donor restrictions	1,095,107	938,757
With donor restrictions	90,465	57,441
Total Net Assets	1,185,572	996,198
Total Liabilities and Net Assets	\$ 1,270,354	\$ 1,048,528

CONCERN AMERICA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Totals
Support and Revenue			
Contributions	\$ 1,057,030	\$ 124,722	\$ 1,181,752
Donated materials and services	644,271	-	644,271
Program service revenue	7,886	-	7,886
Craft sales, net cost of goods sold of \$28,233	33,391	-	33,391
Fundraising and special events, net cost of direct benefits to donors of \$22,728	185,620	-	185,620
Investment return, net	30,144	-	30,144
Net assets released from restrictions	91,698	(91,698)	-
Total Support and Revenue	<u>2,050,040</u>	<u>33,024</u>	<u>2,083,064</u>
Expenses			
Program services	1,547,645	-	1,547,645
Supporting Services			
Management and general	194,025	-	194,025
Fundraising and special events	152,016	-	152,016
Total supporting services	<u>346,041</u>	<u>-</u>	<u>346,041</u>
Total Expenses	<u>1,893,686</u>	<u>-</u>	<u>1,893,686</u>
Change in net assets	156,354	33,024	189,378
Net assets, beginning of the year	<u>938,753</u>	<u>57,441</u>	<u>996,194</u>
Net assets, end of year	<u><u>\$ 1,095,107</u></u>	<u><u>\$ 90,465</u></u>	<u><u>\$ 1,185,572</u></u>

CONCERN AMERICA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Totals
Support and Revenue			
Contributions	\$ 1,180,217	\$ 91,698	\$ 1,271,915
Donated materials and services	759,688	-	759,688
Program service revenue	30,000	-	30,000
Craft sales, net cost of goods sold of \$30,395	- 34,507	- -	- 34,507
Fundraising and special events, net cost of direct benefits to donors of \$16,981	- - 175,681	- - -	- - 175,681
Investment return, net	7,056	-	7,056
Income from other sources	92,561	-	92,561
Net assets released from restrictions	43,499	(43,499)	-
Total Support and Revenue	2,323,209	48,199	2,371,408
 Expenses			
Program services	1,623,331	-	1,623,331
Supporting Services			
Management and general	186,850	-	186,850
Fundraising and special events	117,228	-	117,228
Total supporting services	304,078	-	304,078
Total Expenses	1,927,409	-	1,927,409
 Change in net assets	395,800	48,199	443,999
 Net assets, beginning of the year	542,957	9,242	552,199
 Net assets, end of year	\$ 938,757	\$ 57,441	\$ 996,198

CONCERN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services				Management and General	Fundraising and Special Events	Costs of Direct Benefits to Donors	Total
	Field Program	Crafts	Education	Total Program				
Volunteers wages	\$ 93,739	\$ -	\$ -	\$ 93,739	\$ -	\$ -	\$ -	\$ 93,739
Staff and field volunteer wages	122,738	81,177	50,662	254,577	85,788	97,599	-	437,964
Donated services	607,564	-	-	607,564	-	-	-	607,564
Field program expenses	449,089	1,527	-	450,616	-	-	-	450,616
Employee benefits	23,958	15,845	9,889	49,692	16,745	19,051	-	85,488
Staff acknowledgement	685	453	283	1,421	479	545	-	2,445
Insurance	-	-	-	-	13,045	-	-	13,045
Travel	649	429	268	1,346	454	516	-	2,316
Meetings	387	256	160	803	270	307	-	1,380
Occupancy	14,357	9,496	5,926	29,779	10,035	11,416	-	51,230
Bank charges and merchant fees	-	-	-	-	17,295	-	-	17,295
Office	4,658	3,080	1,922	9,660	3,255	3,704	-	16,619
Printing	3,463	2,291	1,430	7,184	2,421	2,754	-	12,359
Postage and shipping	1,503	994	620	3,117	1,050	1,195	-	5,362
Telecommunications	1,628	1,077	672	3,377	1,138	1,295	-	5,810
Technology and information	100	66	41	207	70	79	-	356
Accounting	-	-	-	-	9,600	-	-	9,600
Professional services	-	-	-	-	22,690	-	-	22,690
Other	2,209	1,461	912	4,582	1,544	1,757	-	7,883
Outreach	-	-	-	-	322	322	-	644
Speaker expense	-	-	-	-	-	2,659	-	2,659
Special events	-	-	-	-	-	-	22,728	22,728
Filing fees and taxes	-	-	-	-	14	-	-	14
Payroll taxes	9,873	6,530	4,075	20,478	6,901	7,851	-	35,230
Depreciation and amortization	8,002	881	620	9,503	909	966	-	11,378
Subtotal	<u>1,344,602</u>	<u>125,563</u>	<u>77,480</u>	<u>1,547,645</u>	<u>194,025</u>	<u>152,016</u>	<u>22,728</u>	<u>1,916,414</u>
Less expenses included with revenues on the statement of activities:								
Cost of direct benefits to donors							(22,728)	(22,728)
Total Expenses	<u>\$ 1,344,602</u>	<u>\$ 125,563</u>	<u>\$ 77,480</u>	<u>\$ 1,547,645</u>	<u>\$ 194,025</u>	<u>\$ 152,016</u>	<u>\$ -</u>	<u>\$ 1,893,686</u>

CONCERN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

Program Services								
	Field Program	Crafts	Education	Total Program	Management and General	Fundraising and Special Events	Costs of Direct Benefits to Donors	Total
Volunteers wages	\$ 110,630	\$ -	\$ -	\$ 110,630	\$ -	\$ -	\$ -	\$ 110,630
Staff and field volunteer wages	104,655	73,603	51,965	230,223	75,930	80,490	-	386,643
Donated services	729,220	-	-	729,220	-	-	-	729,220
Field program expenses	425,773	1,551	-	427,324	-	-	-	427,324
Employee benefits	32,086	6,178	4,361	42,625	15,156	6,756	-	64,537
Staff acknowledgement	511	359	254	1,124	371	393	-	1,888
Insurance	-	-	-	-	13,473	-	-	13,473
Travel	832	585	413	1,830	603	640	-	3,073
Meetings	199	140	99	438	145	153	-	736
Occupancy	13,596	9,562	6,751	29,909	9,865	10,457	-	50,231
Bank charges and merchant fees	-	-	-	-	15,299	-	-	15,299
Office	3,077	2,164	1,527	6,768	2,233	2,367	-	11,368
Printing	6,394	4,497	3,175	14,066	4,639	4,918	-	23,623
Postage and shipping	1,470	1,243	730	3,443	1,067	1,131	-	5,641
Telecommunications	1,519	1,069	754	3,342	1,102	1,169	-	5,613
Technology and information	68	48	34	150	50	52	-	252
Accounting	-	-	-	-	9,150	-	-	9,150
Professional services	-	-	-	-	29,302	-	-	29,302
Other	42	30	21	93	31	33	-	157
Outreach	-	-	-	-	92	92	-	184
Speaker expense	-	-	-	-	-	1,332	-	1,332
Special events	-	-	-	-	-	-	16,981	16,981
Taxes and licenses	107	75	53	235	77	82	-	394
Filing fees and taxes	-	-	-	-	1,509	-	-	1,509
Payroll taxes	9,048	6,363	4,493	19,904	6,564	6,959	-	33,427
Depreciation and amortization	1,690	186	131	2,007	192	204	-	2,403
Subtotal	<u>1,440,917</u>	<u>107,653</u>	<u>74,761</u>	<u>1,623,331</u>	<u>186,850</u>	<u>117,228</u>	<u>16,981</u>	<u>1,944,390</u>
Less expenses included with revenues on the statement of activities:								
Cost of direct benefits to donors							(16,981)	(16,981)
Total Expenses	<u>\$ 1,440,917</u>	<u>\$ 107,653</u>	<u>\$ 74,761</u>	<u>\$ 1,623,331</u>	<u>\$ 186,850</u>	<u>\$ 117,228</u>	<u>\$ -</u>	<u>\$ 1,927,409</u>

CONCERN AMERICA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 and 2023

	June 30,	
	2024	2023
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in net assets	\$ 189,378	\$ 443,999
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,378	2,403
Realized gains on investments	(1,123)	-
Unrealized gains on investments	(13,173)	(2,600)
Increase (decrease) in cash resulting from changes in:		
Promises to give	472,641	(500,000)
Other receivable	869	(869)
Inventory	(3,601)	8,397
Prepaid expenses	1,151	(2,769)
Deposits	-	-
Accounts payable	2,758	(2,140)
Accrued expenses	23,826	(7,296)
Deferred revenue	10,941	-
Repatriation payable	(2,000)	6,300
Field volunteer retirement fund payable	(3,072)	-
Total adjustments	<u>500,595</u>	<u>(498,574)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	689,973	(54,575)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Purchases of property and equipment	(23,500)	(28,500)
Dividends received	226	-
Interest income received	6,444	-
Purchases of investments	(790,000)	(105,006)
Proceeds from sale and redemption of investments	105,021	-
Proceeds from sale donated securities	36,385	-
Reinvestments	92,917	-
NET CASH USED IN INVESTING ACTIVITIES	(572,507)	(133,506)
NET INCREASE (DECREASE) IN CASH	117,466	(188,081)
CASH AT BEGINNING OF YEAR	<u>373,354</u>	<u>561,435</u>
CASH AT END OF YEAR	<u>\$ 490,820</u>	<u>\$ 373,354</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

CONCERN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1 – NATURE OF ORGANIZATION AND OPERATIONS

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 other community development skills, 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 measureable 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 Columbia, 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 8 full-time field volunteers together with a number of local team members and hundreds of local volunteers trained by Concern America, are supported through the work of 6 full-time office employees, based in the Organization’s home office in Santa Ana, California, as of June 30, 2024.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying audited financial statements have been prepared in accordance with generally accepted accounting principles (“GAAP”) as promulgated in the United States of America. The basis of accounting involves the application of accrual accounting when revenues and gains are recognized when earned or the benefit is transferred to the customer, and expenses and losses are recognized when incurred or amortized over the life of the benefits received.

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*. The ASU aims to increase the 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

CONCERN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 standard is effective for fiscal years beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022. The Organization’s operating and financing leases are all considered short-term leases with a duration of no longer than 12 months at the year ended June 30, 2024.

Use of Estimates

The preparation of audited financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could materially differ from those estimates.

Fair Value of Financial Instruments

Pursuant to Accounting Standards Codification (“ASC”) Topic 820, *Fair Value Measurements and Disclosures*, and ASC 825, *Financial Instruments*, an entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 and 825 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 and 825 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

CONCERN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

See Note 3 for investments and their fair market measurement details at June 30, 2024 and 2023.

Related Parties

Related parties are any entities or individuals that, through employment, ownership or other means, possess the ability to direct or cause the direction of the management and policies of the Company. The Organization had no related party transactions for the years ended June 30, 2024 and 2023.

Concentration of Credit Risk

Certain financial instruments potentially subject Concern America to concentrations of credit risk. Financial instruments that potentially subject Concern America to concentration of credit risk consist principally of cash deposits. Cash held in bank accounts at one commercial banking institution may exceed the Federal Deposit Insurance Organization (“FDIC”), insurance limits. Accounts at each institution are insured by the FDIC up to \$250,000. Concern America maintains cash in seven bank accounts at one single banking institution that had a total cash balance in excess of the FDIC insured limit at the year ended June 30, 2024.

Cash and investments held in brokerage accounts may exceed the Securities Investor Protection Organization (“SIPC”), insurance limits. Accounts at each institution are insured by the SIPC up to \$500,000. Concern America maintains investments in three brokerage accounts with each having no investment balances in excess of the SIPC insured limit at the year ended June 30, 2024.

Contributions and donated materials and services accounted for 74% and 86% of total support and revenue for the years ended June 30, 2024 and 2023, respectively.

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

Cash and Cash Equivalents

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

Promises to Give

Promises to give are recognized when the donor makes a promise to give to Concern America that is, in substance, unconditional and are stated at the amounts management expects to collect from outstanding balances. Promises to give that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions. Management provides for the probability of uncollectible amounts through a charge to earnings and a current expected credit losses to an allowance for doubtful accounts based on its assessment, which includes credit history and external events such as current and future political and economic conditions. Management believes all promises to give are fully collectible and did not recognize an allowance for doubtful accounts at the year ended June 30, 2024.

CONCERN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in marketable securities, or if donated, with readily determined fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets as accumulated other comprehensive income. Investments income and gains restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized capital gains and losses, less external and direct internal investment expenses. Long-term investments have original maturities greater than twelve months. The Organization holds no long-term investments at the years ended June 30, 2024 and 2023.

Inventory

Inventory consists of crafts and are valued using the lower of cost or market by the conventional retail inventory method.

Prepaid Expenses

Amounts incurred in advance of contractual performance or coverage periods are recorded as prepaid assets and recognized as expense in the period service or coverage is provided.

Property and Equipment

Purchased property and equipment are stated at cost. Significant renewals and improvements are capitalized while maintenance and repairs, which only restores the property and equipment to its original working condition and does not extend the life of an asset, are expensed. When property and equipment are sold, retired or otherwise disposed of, the related cost and accumulated depreciation or amortization are removed from the accounts, and gains or losses from sales, retirements and dispositions are credited or charged to income. Concern America did not dispose of or sell any of its property and equipment during the year ended June 30, 2024. Concern America purchased a vehicle for \$23,500 during the year ended June 30, 2024. Concern America capitalizes its property and equipment at or over \$2,500. Lesser amounts are expensed as incurred.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions 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 contributions with donor restrictions. Absent donor stipulations regarding how long specified donated assets must be maintained, Concern America reports expirations of donor restrictions when the donated or acquired assets are placed in service then reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation is computed on the straight-line method over the estimated useful lives of the individual assets. Useful lives have been estimated at three to seven years for all equipment and five years for vehicles. Depreciation expense was \$10,400 and \$1,425 for the years ended June 30, 2024 and 2023, respectively.

CONCERN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets

Intangible assets consist of patents, which are amortized using the straight-line method over an estimated useful life of ten years. (See Note 8).

Accounts Payable

Accounts payable consists primarily of obligations due within ninety days or less.

Accrued Expenses

Accrued expenses consists primarily of payroll expenses incurred at year end, which are not paid until after year end. Accrued expenses also includes accrued vacation. (See Note 7)

Deferred Revenue

Up-front payments and fees are recorded as deferred revenue upon receipt or when due until the Organization performs its obligations under these arrangements. Amounts are recorded as accounts receivable when the Organization's right to consideration is unconditional.

Net Asset Presentation

Net assets, revenues, gains and losses are classified based on 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.

Revenue

The Organization's primary revenue streams are from contributions, donated material and services (support in-kind), program services, grants, craft sales and special events. Other revenue streams are derived from interest and dividends earned on investments, the sale of property and equipment, and realized gains on investments.

In accordance with Accounting Standards Codification ("ASC") Topic 606 "Revenues from Contracts with Customers" ("ASC 606"), revenues are recognized when goods or services are transferred to the customer in exchange for the consideration the Organization expects to be entitled to receive. The Organization's contributions and grants from donors that benefit the public are considered non-exchange transactions, or contributed revenues, and does not fall within the scope of ASC 606.

CONCERN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue derived from craft sales, program services and special events are considered exchange transactions that do fall within the scope of ASC 606. (See Notes 17 and 18)

Contributions

The Organization recognizes contributions when cash, securities, other assets or an unconditional promise to give are received. Contributions that are not restricted by a donor are reported as increases in net assets with 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.

Donated Materials and Services (Support-in-kind)

Donated Materials and Services, or support-in-kind, revenue 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 these 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 14 with regards to volunteer medical, educational, and engineering professionals recorded as donated services.

Program Service

Revenue derived from program services are recognized as the services are provided.

Craft Sales

Revenue derived from craft sales are recognized as revenue at the point of sale.

Fundraising and 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 costs of direct benefit to donors is presented as a line item deducted from gross special events revenue in the accompanying statements of activities.

Income taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from California Franchise Tax under section 23701(d) of the California Revenue and Taxation Code. 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

CONCERN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, such as unrelated business income, is subject to taxation. Accordingly, no provision has been made for income taxes in these financial statements. The Organization has maintained its tax-exempt status since its inception and remained in compliance at June 30, 2024.

Functional allocation

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.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the investments reported at fair value on a recurring basis at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 250,000	-	-	\$ 250,000
Fund of funds	416,941	-	-	416,941
Equity securities	<u>5,617</u>	-	-	<u>5,617</u>
Investments and Funds	<u>\$ 672,558</u>	<u>-</u>	<u>-</u>	<u>\$ 672,558</u>

The fair value measurements and levels within the fair value hierarchy of those measurements for the investments reported at fair value on a recurring basis at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 100,000	-	-	\$ 100,000
Fund of funds	5,435	-	-	5,435
Equity securities	<u>3,826</u>	-	-	<u>3,826</u>
Investments and Funds	<u>\$ 109,261</u>	<u>-</u>	<u>-</u>	<u>\$ 109,261</u>

CONCERN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 4 – PROMISES TO GIVE

The Organization has an agreement in which a donor promises to provide a matching contribution for funds received for the Organization’s community development project in San Miguel, Mexico. Promises to give from this donor was \$ 27,359 at the year ended June 30, 2024.

The Organization was notified in January 2023 of a bequest to be received of \$500,000 at the year ended June 30, 2024. This bequest was received in full at June 30, 2024.

NOTE 5 – INVENTORY

Inventory consists of the following at June 30, 2024 and 2023:

	2024	2023
Crafts and books	\$ 19,711	\$ 16,110

NOTE 6 – INTANGIBLE ASSET, net

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

	2024	2023
Patents	\$ 9,775	\$ 9,775
Less: Accumulated amortization	(4,154)	(3,177)
	\$ 5,621	\$ 6,598

Amortization expense was \$978 for the years ended June 30, 2024 and 2023.

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

2025	\$ 978
2026	978
2027	978
2028	978
2029	978
Thereafter	731
	\$ 5,621

CONCERN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 7 – ACCRUED EXPENSES

Accrued expenses consists of the following at June 30, 2024 and 2023:

	2024	2023
Wages payable	\$ 5,595	\$ --
Payroll taxes payable	447	--
403(b) plan payable	1,314	--
Vacation payable	34,595	16,725
Sales taxes payable	255	1,657
	\$ 42,206	\$ 18,382

NOTE 8 – ACCRUED VACATION

Accrued vacation is earned by full-time employees at a rate of 10 days per annum, increasing depending upon length of service. Vacation is accrued per pay period, beginning on the first day of employment. Accrued vacation for part-time personnel who are scheduled to work and who work 20 hours or more per week is prorated based on the number of hours worked each month. Five employees accrue 180 hours per annum and one employee accrues 80 hours per annum at the year ended June 30, 2024. No part-time employees were eligible for accrued vacation at the year ended June 30, 2024. Accumulated and unused vacation is classified as accrued expenses at June 30, 2024 and 2023.

NOTE 9 – 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 make any matching contributions to the 403(b) plan. Employee contributions payable to the plan are classified as accrued expenses at June 30, 2024 and 2023.

NOTE 10 – REPATRIATION PAYABLE

The Organization has field volunteers that are considered employees of the Organization but work abroad in other countries. U.S. Citizens Volunteers, because of federal and state tax laws, are considered employees of the Organization. The Organization therefore assumes all employer based income and employment taxes for its U.S. Citizen Volunteers but applicable employee taxes are assumed by the volunteer. Though the resulting annual repatriation payments will be slightly lower due to these taxes, U.S. Citizen Volunteers who receive the benefits of payments into Medicare and social security, may receive tax refunds due to one's taxable income level and therefore qualify for related tax benefits (such as child credits for those with children). As a result, the Organization provides for an annual repatriation tax in the form of an annual \$1,000 stipend to its U.S. Citizen Volunteers regardless of their length of service. Repatriation Payable was \$6,000 and \$8,000 at the years ended June 30, 2024 and 2023, respectively.

CONCERN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11 – FIELD 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 field volunteer retirement fund payable was \$20,328 and \$23,400 at June 30, 2024 and 2023, respectively.

NOTE 12 – DEFERRED REVENUE

Deferred revenue consists of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Deferred revenue	\$ <u>10,941</u>	\$ <u>--</u>

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Health programs	\$ <u>90,465</u>	\$ <u>57,441</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors totaling \$91,628 and \$43,499 for the years ended June 30, 2024 and 2023, respectively.

NOTE 14 – DONATED MATERIALS AND SERVICES

Donated materials and services consist of the following for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Services	\$ 607,564	\$ 729,220
Advertising	13,724	5,977
Professional development	6,000	--
Professional services	5,400	--
Supplies	11,383	--
Material	200	24,491
	<u>\$ 644,271</u>	<u>\$ 759,688</u>

CONCERN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 14 – DONATED MATERIALS AND SERVICES (continued)

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 as of May 2023, the latest time in which data was available. Additionally, the Organization received advertising, medicine supplies, professional development and professional services support in kind for the year ended June 30, 2024. Donated materials and services revenue of \$644,271 is offset by donation materials service expenses of \$644,271 for the year ended June 30, 2024.

NOTE 15 – FUNDRAISING AND SPECIAL EVENTS

The Organization conducted fundraising events to assist in funding program and support services. All revenues received in excess of expenses from the events are used for the program and support services. The costs that are direct benefits to the donors are included in Donor Benefit Expenses and presented on the statement of activities and changes in net assets.

The fundraising and special events revenues and expenses are as follows for the year ended June 30, 2024:

	<u>Gross Revenue</u>	<u>Donor Benefit Expenses</u>	<u>Revenue Net of Donor Benefit Expenses</u>
Auction	\$ 87,747	\$ 10,774	\$ 76,973
Walk	105,640	3,335	102,305
Miscellaneous	14,961	8,619	6,342
	<u>\$ 208,348</u>	<u>\$ 22,728</u>	<u>\$ 185,620</u>

The fundraising and special events revenues and expenses are as follows for the year ended June 30, 2023:

	<u>Gross Revenue</u>	<u>Donor Benefit Expenses</u>	<u>Revenue Net of Donor Benefit Expenses</u>
Auction	\$ 77,225	\$ 9,016	\$ 68,209
Walk	104,346	4,276	100,070
Miscellaneous	11,091	3,689	7,402
	<u>\$ 192,662</u>	<u>\$ 16,981</u>	<u>\$ 175,681</u>

CONCERN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 16 – DISAGGREGATED REVENUE

The following table includes Concern America’s exchange transaction revenue, disaggregated by type of service at June 30, 2024.

Craft sales	\$ 61,624
Fundraising and special events	208,348
Program service	<u>7,886</u>
Total exchange transaction revenue	<u>\$ 277,858</u>

For the year ended June 30, 2024, substantially all of the Organization’s exchange transaction revenues within the scope of ASC 606 are for performance obligations satisfied at a point in time.

The following table includes Concern America’s exchange transaction revenue, disaggregated by type of service at June 30, 2023.

Craft sales	\$ 64,902
Fundraising and special events	192,662
Program service	<u>30,000</u>
Total exchange transaction revenue	<u>\$ 287,564</u>

For the year ended June 30, 2023, substantially all of the Organization’s exchange transaction revenues within the scope of ASC 606 are for performance obligations satisfied at a point in time.

NOTE 17 – PERFORMANCE OBLIGATIONS

Craft Sales Revenue: Earned at the point of sale either during weekend craft sales held at churches or at the homes of individuals and business offices. Craft sales are also conducted through the Organization’s website and its revenue is recognized upon shipment.

Fundraising and Special Events Revenue: Earned when the Organization hosts an auction, a walk or any other special event. The revenue obligation is performed when the benefits of the services provided have been transferred to the recipient, which is typically when auction, walk or other special event takes place.

Program Service Revenue: Earned when the benefits of the program services provided have been transferred to the recipient, which is typically as program expenses are incurred.

CONCERN AMERICA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 18 – COMMITMENTS AND CONTINGENCIES

The Organization has a one-year office lease for its facility located in Santa Ana, California covering the period July 1, 2023 to June 30, 2024. The lease was renewed for an additional twelve-month period. The lease is considered a short-term lease and does not fall under ASC 842 guidelines for leases. The base lease payment is \$3,000 per month. Total office rent expense was \$36,000 for both years ended June 30, 2024 and 2023, which is classified as “Occupancy” in the accompanying statements of functional expenses.

Future minimum office lease payments for facilities and equipment at June 30, 2024 are as follows:

<u>Year ending Jun 30,</u>	<u>Rent</u>
2024	<u>\$ 36,000</u>

NOTE 19 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024, comprise the following:

Unrestricted cash	\$	490,820
Investments		672,558
Promises to give		<u>27,359</u>
Financial assets, at year ended June 30, 2024		1,190,737
Less: accounts payable		(5,306)
Less: Repatriation taxes payable		(6,000)
Less: Donor-imposed restriction		<u>(90,465)</u>
Financial assets available for general expenditures within one year		<u>\$ 1,088,966</u>

The Board of Directors and management prepares a budget each year based on their knowledge of prior year transactions and a forecast of potential future transactions. Once a month, the Board of Directors and management will review the Organization’s financial statements to determine the Organization’s liquid position and future prospects.

NOTE 20 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 8, 2024, which is the date the financial statements were available to be issued, noting nothing of a material nature occurred requiring adjustments to the financial statements or additional note disclosure as of June 30, 2024.