

CONCERN FOUNDATION
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2018

PRELIMINARY DRAFT SUBJECT TO CHANGE

**CONCERN FOUNDATION
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YEAR ENDED DECEMBER 31, 2018**

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PRELIMINARY DRAFT SUBJECT TO CHANGE



INDEPENDENT AUDITORS' REPORT

Board of Directors
Concern Foundation
Los Angeles, California

We have audited the accompanying financial statements of Concern Foundation (a nonprofit organization), which comprises the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concern Foundation as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The 2017 summarized comparative information has been derived from Concern Foundation's financial statements and in our report dated October 4, 2018, we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent in all material respects, with the audited financial statements from which it has been derived.

Report on Summarized Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Grant Expense is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

Los Angeles, California
REPORT DATE

**CONCERN FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017**

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 623,938	\$ 664,900
Pledges Receivable	194,500	215,311
Investments, at Fair Value	1,913,109	1,987,742
Beneficial Interest in Charitable Remainder Trusts	232,899	270,954
Endowment Investments	1,920,372	1,920,372
Other Assets	49,471	43,246
Total Current Assets	4,934,289	5,102,525
NONCURRENT ASSETS		
Pledges Receivable - Long Term Portion	469,383	620,078
PROPERTY AND EQUIPMENT, NET		
	6,340	5,338
Total Assets	\$ 5,410,012	\$ 5,727,941
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 14,960	\$ 18,914
Accrued Expenses	59,537	44,002
Grants Payable	362,500	415,000
Deferred Revenue	1,191,622	1,259,273
Total Current Liabilities	1,628,619	1,737,189
NET ASSETS		
Without Donor Restrictions:		
Undesignated	242,821	506,347
Designated by the Board for Operating Reserve	1,140,000	1,140,000
Invested in Property and Equipment	6,340	5,338
Total Without Donor Restrictions	1,389,161	1,651,685
With Donor Restrictions:		
Purpose Restrictions	471,860	418,695
Perpetual in Nature	1,920,372	1,920,372
Total With Donor Restrictions	2,392,232	2,339,067
Total Net Assets	3,781,393	3,990,752
Total Liabilities and Net Assets	\$ 5,410,012	\$ 5,727,941

See accompanying Notes to Financial Statements.

**CONCERN FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	2018	2017
REVENUE AND PUBLIC SUPPORT				
Public Support				
Special Events, Net	\$ 1,386,926	\$ 194,757	\$ 1,581,683	\$ 1,472,907
Contributions	64,211	113,963	178,174	269,851
Campaign	12,564	-	12,564	18,697
Investment Gain (Loss)	(220,677)	-	(220,677)	120,531
Interest and Dividend Income	78,039	5,188	83,227	67,104
Partnership Investment Income	368,528	-	368,528	29,719
Change in Value of Charitable Remainder Trust	-	(38,055)	(38,055)	39,086
Net Assets Released from Restrictions:				
Satisfaction of Purpose	222,688	(222,688)	-	-
TOTAL REVENUE AND PUBLIC SUPPORT	1,912,279	53,165	1,965,444	2,017,895
EXPENSES				
Program Services	1,562,603	-	1,562,603	1,230,413
General and Administrative	177,075	-	177,075	160,191
Fundraising	435,125	-	435,125	401,946
TOTAL EXPENSES	2,174,803	-	2,174,803	1,792,550
CHANGE IN NET ASSETS	(262,524)	53,165	(209,359)	225,345
NET ASSETS AT BEGINNING OF YEAR	1,651,685	2,339,067	3,990,752	3,765,407
NET ASSETS AT END OF YEAR	\$ 1,389,161	\$ 2,392,232	\$ 3,781,393	\$ 3,990,752

See accompanying Notes to Financial Statements.

**CONCERN FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services	Supporting Services		2018	2017
		General and Administrative	Fundraising		
Salaries	\$ 49,089	\$ 88,663	\$ 252,860	\$ 390,612	\$ 389,150
Payroll Taxes	3,247	7,709	16,307	27,263	24,943
Employee Benefits	8,284	14,771	40,375	63,430	49,609
Total Salary Related Expenses	<u>60,620</u>	<u>111,143</u>	<u>309,542</u>	<u>481,305</u>	<u>463,702</u>
Grant Awards	1,411,100	-	-	1,411,100	1,092,500
Occupancy	11,907	21,837	60,831	94,575	94,575
Scientific Review Committee Costs	70,380	-	-	70,380	24,438
Professional Fees and Contract Services	-	27,293	-	27,293	25,942
Bank and Merchant Fees	-	-	20,832	20,832	18,258
Information Technology	2,155	3,952	11,007	17,114	17,440
Equipment Lease and Maintenance	1,141	2,093	5,829	9,063	8,265
Printing and Publications	1,007	1,848	5,147	8,002	7,822
Insurance	930	1,707	4,755	7,392	6,808
Meetings and Travel	917	1,681	4,683	7,281	10,249
Postage, Shipping and Delivery	813	1,491	4,154	6,458	8,428
Supplies	734	1,347	3,755	5,836	5,463
Telephone	597	1,094	3,048	4,739	4,699
Advertising	-	1,035	-	1,035	1,242
Expenses Before Depreciation	<u>1,562,301</u>	<u>176,521</u>	<u>433,583</u>	<u>2,172,405</u>	<u>1,789,831</u>
Depreciation	<u>302</u>	<u>554</u>	<u>1,542</u>	<u>2,398</u>	<u>2,719</u>
Total expenses 2018	<u>\$ 1,562,603</u>	<u>\$ 177,075</u>	<u>\$ 435,125</u>	<u>\$ 2,174,803</u>	
Total expenses 2017	<u>\$ 1,230,413</u>	<u>\$ 160,191</u>	<u>\$ 401,946</u>		<u>\$ 1,792,550</u>

See accompanying Notes to Financial Statements.

**CONCERN FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (209,359)	\$ 225,345
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	2,398	2,719
Investment (Gain) Loss	220,677	(120,531)
Noncash Contributions	(48,377)	(128,477)
Bond Amortization	19,066	29,679
 (Increase) Decrease in Assets:		
Pledges Receivable	171,506	(499,105)
Beneficial Interest in Charitable Remainder Trusts	38,055	(39,087)
Other Assets	(6,225)	(9,006)
 Increase (Decrease) in Liabilities:		
Accounts Payable	(3,954)	15,649
Accrued Expenses	15,535	11,567
Grants Payable	(52,500)	(82,500)
Deferred Revenue	(67,651)	616,239
Net Cash Provided by Operating Activities	79,171	22,492
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of Investments	2,388,434	2,789,104
Purchase of Investments	(2,505,167)	(2,785,129)
Purchase of Property and Equipment	(3,400)	-
Net Cash Provided by (Used in) Investing Activities	(120,133)	3,975
 CASH FLOWS FROM FINANCING ACTIVITIES	-	-
 NET INCREASE (DECREASE) IN CASH	(40,962)	26,467
 Cash and Cash Equivalents - Beginning of Year	664,900	638,433
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 623,938	\$ 664,900

See accompanying Notes to Financial Statements.

**CONCERN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 ORGANIZATION

Concern Foundation (the Foundation) is a nonprofit corporation organized under the laws of the state of California. Concern Foundation is funded principally through the private sector with annual fundraising campaigns, special fundraising events, and ongoing support from corporations, foundations, and individuals. Concern Foundation conducts virtually all of its fundraising activities within Southern California.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These standards require that the Foundation report information regarding its financial position and activities according to three classes of net assets: net assets without donor restrictions, net assets with donor restrictions, and net assets perpetual in nature.

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. As part of assets without donor restrictions, the board of directors has set aside \$1,140,000 as a contingency to meet grant commitments that may not be covered by current fundraising monies.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**CONCERN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Contributed Services

A substantial number of unpaid volunteers have made significant contributions of time to the Foundation. Donated services requiring specialized skills are recorded in the financial statements only when an objective measure of the value is available. Expenses incurred by numerous volunteers of the Foundation carrying out their duties are reimbursed by the Foundation.

Advertising

Advertising costs are charged to operations when incurred and are included in the functional expenses.

Cash and Cash Equivalents

For the purposes of the financial statement, the Foundation considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

Contributions

In accordance with accounting principles generally accepted in the United States of America, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Allowance for Doubtful Pledges

A reserve for uncollectible pledges in the amount of \$8,000, at December 31, 2018, has been recorded based on an analysis of promises to pay and uncollectible amounts.

Property and Equipment

Property and equipment are recorded at historical cost and are being depreciated using the straight-line method over the estimated useful life of the assets. The following lives have been assigned:

Computers and Equipment	3 to 7 Years
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**CONCERN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

Expenditures for maintenance, repairs, and renewals of minor items are charged to expense as incurred. Major renewals and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations for the period.

Summarized Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is exempt from California franchise taxes under Section 23701(d) of the State Revenue and Taxation Code.

The Foundation files Internal Revenue Service Form 990 and state Forms 199 and RRF-1. Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management of the Foundation does not believe the financial statements include any uncertain tax positions.

Use of Estimates

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

Functional Allocation of Expenses

The costs of providing programs and supporting services have been summarized on a functional basis in the statement of activities, and in the statement of functional expenses.

Accordingly, salaries, occupancy, information technology and telephone costs have been allocated between programs and supporting services based upon time and effort.

Management and General Expenses

For the year ended December 31, 2018, the percentage of administrative expenses to total revenue was 9.0%.

**CONCERN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

Awarding of Grants Policy

Grant awards are recorded as a liability when the grant is made and contingencies are met. Grant proposals consists of applications which are received by the Foundation from research institutions worldwide. The Foundation's grants committee oversees an international scientific review committee, which is comprised of prominent scientists who evaluate these proposals. The scientific review committee meets every year. After each submitted proposal has been reviewed, evaluated, and ranked, its recommendations are then passed on to the grants committee and the board of directors for final approval. Generally, grants are for a one-year period and are paid quarterly. Recipients of a one-year award may receive an award for a second year, which is contingent upon the recipients meeting certain criteria and the Foundation's ability to fund such an award.

Subsequent Events

Management has evaluated subsequent events through REPORT DATE, the date the financial statements were available to be issued.

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$ 623,938
Operating Investments	1,441,249
Pledges Receivable	<u>194,500</u>
Total	<u>\$ 1,635,749</u>

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

**CONCERN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

Although the Foundation does not intend to spend from the board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested in short-term investments, and money market funds.

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable are discounted at 2.5% rate for the year ended December 31, 2018. The estimated cash flow related to pledges receivable at December 31, 2018 was as follows:

Receivable Due in Less Than One Year	\$ 194,500
One to Five Years	502,800
Total	<u>697,300</u>
Less Discount to Net Present Value	(25,417)
Less Allowance for Uncollectible Contributions	(8,000)
Total Pledges Receivables, Net	<u><u>\$ 663,883</u></u>

NOTE 5 FIXED ASSETS

Fixed assets as of December 31, 2018 consists of the following:

Computer Equipment	\$ 22,652
Telephone Equipment	5,839
	<u>28,491</u>
Less: Accumulated Depreciation	(22,151)
Total Fixed Assets, Net	<u><u>\$ 6,340</u></u>

NOTE 6 INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments as of December 31, 2018 consists of the following:

Corporate and Government Bonds	\$ 2,578,267
Mutual Funds	993,328
Exchange-Traded Funds (ETFs)	174,530
Limited Partnerships at Cost	87,356
	<u>3,833,481</u>
Total Investments	<u><u>\$ 3,833,481</u></u>

**CONCERN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Generally accepted accounting principles establishes a framework for measuring fair value, and expands disclosure about fair value measurements. The standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction, prioritizes the use of market based information over entity specific information and establishes a three level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Fair values determined by Level 1 inputs utilize quoted prices in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating Investments:				
Corporate and Government				
Bonds	\$ 887,293	\$ 887,293	\$ -	\$ -
Mutual Funds	774,174	774,174	-	-
ETFs	164,286	164,286	-	-
Limited Partnerships at Cost	87,356	-	-	-
Total Operating	<u>1,913,109</u>	<u>1,825,753</u>	<u>-</u>	<u>-</u>
Endowment Investments:				
Corporate and Government				
Bonds	\$ 1,690,974	\$ 1,690,974	-	-
Mutual Funds	219,154	219,154	-	-
ETFs	10,244	10,244	-	-
Total Endowment	<u>1,920,372</u>	<u>1,920,372</u>	<u>-</u>	<u>-</u>
Beneficial Interest in				
Charitable Remainder Trusts	232,899	-	-	232,899
Total	<u>\$ 4,066,380</u>	<u>\$ 3,746,125</u>	<u>\$ -</u>	<u>\$ 232,899</u>

**CONCERN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. There were no transfers among the investment designated levels during the year.

The changes in assets classified as Level 3 are as follows for the year ended December 31, 2018:

Balance, beginning of year	\$ 270,954
Change in value of charitable remainder trust	(38,055)
Total	<u>\$ 232,899</u>

NOTE 7 BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

The Foundation received gifts of two irrevocable charitable remainder trusts. Each trust is included in the financial statements as a beneficial interest in charitable remainder trusts and is recorded at the present value of the discounted future cash flows.

The present value is computed based on the donor's (or couple's joint) estimated life expectancy as derived from the 2000 unisex census table, the applicable federal rate of 3.6% and the payout to the donor (range of 7.5% to 8.0% per annum). As of December 31, 2018, the present values of the trusts were \$220,025 and \$12,874.

NOTE 8 GRANTS PAYABLE

During the year ended December 31, 2018, the Foundation paid all amounts relating to the grants payable as of December 31, 2017. In respect of the \$1,411,100 in grants awarded during the year ended December 31, 2018, as of the year-end, a balance of \$362,500 remained outstanding. The outstanding balance is expected to be paid during the year ending December 31, 2019.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

Time Restricted Through Charitable Remainder Trusts	\$ 232,899
Contribution Subject to Donor Restrictions	184,756
Research	49,030
Scientific Review Committee	5,175
Total	<u>\$ 471,860</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors.

**CONCERN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 10 NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors.

Purpose Restrictions Accomplished:

Contribution Subject to Donor Restrictions	\$ 217,500
Release of Endowment Income	5,187
Total	<u>\$ 222,687</u>

NOTE 11 NET ASSETS PERPETUAL IN NATURE

Permanently restricted net assets at December 31, 2018 is comprised of the following endowments:

Mynda Cohn/Jensen Memorial Fund	\$ 1,645,478
Steric Fund	100,000
Wilbur S. Schwartz Fund	174,894
Total	<u>\$ 1,920,372</u>

Earnings from the Mynda Cohn/Jensen Memorial Fund are used to reimburse the Foundation for general and administrative expenses. Earnings from the Steric Fund are used to reimburse expenses related to the scientific review committee meetings held in Los Angeles, California, including airline tickets, hotel rooms, meeting rooms, local transportation, and out-of-pocket expenses incurred by the scientists relating to their work as part of the review committee. Earnings from the Wilbur S. Schwartz Fund are to be used to pay for awards, scholarships, fellowships, symposia, and/or lectures.

Changes in endowment net assets for the year ended December 31, 2018 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ 1,920,372	\$ 1,920,372
Contributions			
Investment Income	5,187	-	5,187
Net Appreciation (Depreciation)	(5,187)	-	(5,187)
Amounts Appropriated for Expenditure	-	-	-
Total Endowment Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 1,920,372</u>	<u>\$ 1,920,372</u>

**CONCERN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 11 NET ASSETS PERPETUAL IN NATURE

The Foundation has interpreted endowments absent of explicit donor stipulations to the contrary as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. The Foundation classifies as permanently restricted assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment, if applicable, under the direction of the donor gift instrument at the time that the accumulation is added. As of December 31, 2018, there is no accumulations added to the Foundation's permanently restricted net assets.

In accordance with Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted in California and the provisions of ASC 958-205-45, in the absence of explicit donor stipulations, the portion of a donor-restricted endowment fund that is not permanently restricted by the donor is classified as temporarily restricted net assets until appropriated for expenditure by the Foundation. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding as agreed upon with the donor specifications.

To satisfy this objective, the Foundation has done the following: (a) set an investment policy investing mainly in fixed income securities and (b) set a spending policy whereby only interest and dividends received are considered eligible for appropriation for expenditures. Accordingly, realized and unrealized gains and losses on endowment assets are considered appropriated by the Foundation and are accounted for within net assets without donor restrictions.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration.

NOTE 12 SPECIAL EVENTS AND FUNDRAISING

The Foundation conducts several special events in order to assist with its mission. All revenue received from such events in excess of expenses is used for the current program operations, unless otherwise restricted by the donor. Total income from special events was \$2,024,059 and direct donor benefit costs were \$442,376 for the year ended December 31, 2018. The direct expenses relating to special events revenue would be considered material fundraising expenses.

NOTE 13 COMMITMENTS AND CONTINGENCIES

The Foundation rents their office space under a lease agreement expiring in December 2019. Rent expense paid under the agreement for the year ended December 31, 2018 was \$94,575. A donation in support of offsetting the rent expense was received for \$40,000 from a board member.

**CONCERN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 14 CASH IN BANK – CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash and cash equivalents at a bank which may, at times, exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes that the solvency of the relevant financial institution is not of particular concern.

PRELIMINARY DRAFT SUBJECT TO CHANGE

**CONCERN FOUNDATION
SCHEDULES OF GRANTS EXPENSE
YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

Grants Awarded:

The Lautenberg Center Lautenberg Center at Hebrew University, Israel	200,000
University of California Los Angeles U.C. Regents, Los Angeles, CA	175,000
Dr. Lukas Dow Weill Medical College Cornell University, New York	60,000
Dr. Moshe Elkabets, Ph.D Ben-Gurion University of the Negev, Israel	60,000
Dr. Robert Faryabi, Ph.D University of Pennsylvania	60,000
Dr. Lydia Finley, PhD Memorial Sloan Kettering Cancer Center, New York	60,000
Dr. Malay Haldar, MD, PhD University of Pennsylvania	60,000
Dr. Tae-Hee Kim The Hospital for Sick Children, Canada	60,000
Dr. Antonis Kourtidis Medical University of South Carolina	60,000
Dr. Philip Kranzusch Dana-Farber Cancer Institute, Boston, MA	60,000
Dr. Selma Masri, PhD UCLA, Irvine	60,000
Dr. Sara Meyer Thomas Jefferson University, Philadelphia, PA	60,000
Dr. Anoop Patel University of Washington	60,000
Dr. Yuliya Pylayeva-Gupta University of North Carolina Chapel Hill	60,000

CONCERN FOUNDATION
SCHEDULES OF GRANTS EXPENSE (CONTINUED)
YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

Grants Awarded (Continued):

Dr. Boyang Wu Washington State University	\$ 60,000
Dr. Yanzhong Yang Beckman Research Institute City of Hope, Duarte, CA	60,000
Dr. Franklin Zhong Institute of Molecular and Cell Biology, Singapore	60,000
Anat Erdreich-Epstein Children's Hospital , Los Angeles	58,000
Beauty Bus Foundation	35,000
Dr. Troy McEachron AYA USC/Norris Comprehensive Cancer Center	30,000
Cancer Microenvironment Society Lautenberg TAU - Award	5,500
Muhannad Abu-Remaileh	5,000
Yishai Avior	5,000
Grants Refunded:	
Greg Wang University of North Carolina Chapel Hill	(1,179)
SRC Saar Gill University of Pennsylvania	(1,119)
Dr. Hyungjin Kim State University of New York	(102)
Total Grants Awarded	<u><u>\$ 1,411,100</u></u>