CONCERN FOUNDATION
AND SUBSIDIARY
(A NONPROFIT ORGANIZATION)
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2013

CONCERN
FOUNDATION

FUNDING CANCER RESEARCH
WORLDWIDE

CONCERN FOUNDATION AND SUBSIDIARY
(A NONPROFIT ORGANIZATION)
CONTENTS
December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Concern Foundation and Subsidiary
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Concern Foundation (the "Foundation") and subsidiary (collectively, the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2013, the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Concern Foundation and subsidiary as of December 31, 2013 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

SingerLewak LLP

SingerLewak LLP

Los Angeles, California
September 29, 2014

CONCERN FOUNDATION
AND SUBSIDIARY
(A NONPROFIT ORGANIZATION)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2013

ASSETS

Assets	
Cash and cash equivalents	$ 2,318,829
Investments	2,578,273
Accounts receivable	8,848
Pledges receivable, net	640,553
Beneficial interest in charitable remainder trusts	259,238
Property and equipment, net	6,231
Other assets	54,278
Total assets	**$ 5,866,250**

LIABILITIES AND NET ASSETS

Liabilities	
Grants payable	$ 510,000
Accounts payable and accrued expenses	33,468
Deferred revenue	640,553
Total liabilities	1,184,021
Commitments	
Net assets	
Unrestricted	
Undesignated	1,872,471
Board-designated	600,000
Total unrestricted	2,472,471
Temporarily restricted	289,386
Permanently restricted	1,920,372
Total net assets	4,682,229
Total liabilities and net assets	**$ 5,866,250**

The accompanying notes are an integral part of these financial statements.

CONCERN FOUNDATION
AND SUBSIDIARY
(A NONPROFIT ORGANIZATION)
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Contributions	$ 2,322,139	$ 91,500	$ -	$ 2,413,639
Special events, net	1,008,272	50,000	-	1,058,272
Campaign	29,852	-	-	29,852
Investment income (loss)	(29,459)	37,408	-	7,949
Change in value of charitable remainder trusts	-	20,850	-	20,850
Net assets released from restrictions				
Satisfaction of temporary restrictions	176,585	(176,585)	-	-
Total revenue and support	3,507,389	23,173	-	3,530,562
Functional expenses				
Program services	1,572,549	-	-	1,572,549
Management and general	67,846	-	-	67,846
Fundraising	213,881	-	-	213,881
Total functional expenses	1,854,276	-	-	1,854,276
Change in net assets	1,653,113	23,173	-	1,676,286
Net assets, beginning of year	819,358	266,213	1,920,372	3,005,943
Net assets, end of year	**$ 2,472,471**	**$ 289,386**	**$ 1,920,372**	**$ 4,682,229**

The accompanying notes are an integral part of these financial statements.

CONCERN FOUNDATION AND SUBSIDIARY

(A NONPROFIT ORGANIZATION)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013

	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries	$ 52,644	$ 29,023	$ 82,939	$ 164,606
Employee medical insurance	8,085	4,154	15,258	27,497
Payroll taxes	3,197	2,357	4,106	9,660
Retirement plan contributions	1,068	612	1,648	3,328
Workers' compensation insurance	408	308	533	1,249
Total personnel expenses	65,402	36,454	104,484	206,340
Other functional expenses				
Advertising	-	-	3,499	3,499
Bookkeeping and payroll services	9,309	5,186	14,871	29,366
Computer costs and research analysis software	3,843	2,141	6,140	12,124
Credit card merchant fees	-	-	16,517	16,517
Depreciation and amortization	481	268	767	1,516
Equipment rent	1,694	944	2,706	5,344
Grants awarded	1,434,318	-	-	1,434,318
Insurance	2,244	1,250	3,586	7,080
Internet/website costs	874	487	1,395	2,756
Membership	1,721	959	2,749	5,429
Office supplies/expense	2,092	1,385	3,341	6,818
Parking and mileage	1,357	756	2,167	4,280
Postage and shipping	1,742	970	2,782	5,494
Printing	3,173	1,768	5,069	10,010
Professional fees	7,440	4,145	11,885	23,470
Public relations	571	318	911	1,800
Rent	17,385	9,685	27,773	54,843
Scientific review committee costs	16,875	-	-	16,875
Telephone	2,028	1,130	3,239	6,397
Total other functional expenses	1,507,147	31,392	109,397	1,647,936
Total functional expenses	**$ 1,572,549**	**$ 67,846**	**$ 213,881**	**$ 1,854,276**

CONCERN FOUNDATION AND SUBSIDIARY

(A NONPROFIT ORGANIZATION)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013

Cash flows from operating activities	
Cash received from contributors and grants	$ 3,503,123
Grants paid	(1,434,318)
Cash paid to employees and suppliers	(438,388)
Investment income	64,453
Net cash provided by operating activities	1,694,870
Cash flows from investing activities	
Sale of investments, net	222,290
Net cash provided by investing activities	222,290
Net increase in cash	1,917,160
Cash and cash equivalents, beginning of year	401,669
Cash and cash equivalents, end of year	**$ 2,318,829**
Reconciliation of change in net assets to net cash used in operating activities	
Change in net assets	$ 1,676,286
Adjustments to reconcile change in net assets to net cash used in operating activities	
Net realized and unrealized (gains) losses on investments	56,504
Depreciation and amortization	1,516
(Increase) decrease in	
Pledges and accounts receivable	(453,327)
Beneficial interest in charitable remainder trusts	(20,850)
Other assets	(14,330)
Accounts payable and accrued expenses	4,593
Deferred revenue	444,478
Net cash provided by operating activities	**$ 1,694,870**

The accompanying notes are an integral part of these financial statements.

NOTE 1 – GENERAL

Concern Foundation (the "Foundation") is a California nonprofit organization established to distribute research grants to seek a cure for cancer. Concern Foundation Holding, LLC ("Concern LLC") was formed to receive donations of real property and to hold and dispose of real property for the benefit of the Foundation. Concern LLC is owned 100% by the Foundation.

The Foundation is funded principally through the private sector with annual fundraising campaigns, special fundraising events, proceeds from Concern LLC and ongoing support from corporations, foundations and individuals. The Foundation conducts virtually all of its fundraising activities within Southern California.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Principles of Consolidation</u>
The consolidated financial statements include the accounts of the Concern Foundation dba Cancer Immunology Research Foundation and its wholly-owned subsidiary, Concern Foundation Holding, LLC. All material intercompany amounts and transactions are eliminated in consolidation.

<u>Financial Statement Presentation</u>
The accompanying financial statements are presented using the accrual basis of accounting. The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

<u>Contributions and Pledges</u>
Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Expenses against temporarily restricted funds are reclassified to unrestricted net assets upon expiration of the restriction, usually when the funds are spent. Temporarily restricted and unrestricted contributions are recognized when received.

Pledges for future contributions are recorded as receivables and reported at their estimated realizable values. These pledges are to support future annual Block Party events for which income is included under special events on the statement of activities. Accordingly, the revenue is deferred and recognized as revenue when the events occur.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services

A substantial number of unpaid volunteers have made significant contributions of time to the Foundation.

Specialized skill donated services 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.

Cash and Cash Equivalents

Cash equivalents consist of money market funds and similar instruments that are highly liquid, readily convertible to cash, with maturities of ninety days or less at the purchase date.

Investments

Investments include: (a) corporate, government and municipal bonds and equities with readily determinable values and (b) other investments. Corporate, government and municipal bonds with readily determinable fair values are initially recorded at cost at acquisition. Afterwards, they are reported at fair value based upon market quotations. Investment income and realized and unrealized gains and losses are recognized as unrestricted net assets unless restricted by explicit donor stipulations or by a law that extends the donor's asset restrictions to the gains and losses. Other investments are related to noncontrolling limited partnership investments that are accounted for on a cost basis. The Foundation has determined that there have been no events or changes in circumstances during the year that would have a significant adverse effect on the value of these other investments that would result in impairment in the amount reported.

Allowance for Doubtful Pledges

A provision for uncollected pledges has been provided based on an analysis of promises to pay and uncollectible amounts.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are applied on the straight-line basis over estimated useful lives of three to five years.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Awarding of Grants Policy

Grant awards are recorded as a liability when the grant is made and contingencies are met. Grant proposals consist 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 recipient meeting certain criteria and the Foundation's ability to fund such an award.

Unrestricted Net Assets

Unrestricted net assets include contributions, fundraising, investment income, unrealized gains and losses and other forms of unrestricted revenue and expenditures related to the general operation and fundraising efforts of the Foundation. As part of unrestricted assets, the board of directors has set aside $600,000 as a contingency to meet grant commitments that may not be covered by current fundraising monies.

Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted either by time or by purpose and include earnings generated from endowment funds which have been restricted by donors.

Permanently Restricted Net Assets

Permanently restricted net assets are assets that have been restricted either by time or by purpose by the donor in perpetuity and cannot be expended by the Foundation.

Functional Expenses

The costs of providing various program services, management and general administrative services and fundraising expenses have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services provided.

Management and General Expenses

For the year ended December 31, 2013, the percentage of administrative expenses to total revenue was 1.9%.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments
Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 820, "Fair Value Measurements" ("ASC 820"), applies to all assets and liabilities that are recognized or disclosed at fair value on a recurring basis. ASC 820 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

In general and where applicable, the Foundation uses quoted prices in active markets for identical assets to determine fair value. If quoted prices in active markets for identical assets are not available to determine fair value, then quoted prices for similar assets or inputs other than the quoted prices that are observable either directly or indirectly are used.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument.

The adoption of ASC 820 did not have a material effect on the Foundation's consolidated financial statements. See Note 4 for further discussion relating to ASC 820 and the Foundation's financial assets.

At December 31, 2013, the Organization's financial instruments consisted of cash and cash equivalents, grants payable, accounts payable and accrued expenses, which are all stated at fair value due to the short-term maturity of these instruments. Cash and cash equivalents are financial assets and are primarily classified within Level 1.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and is generally not subject to federal or state income taxes. However, the Foundation is subject to income taxes on any net income that is derived from a trade or business regularly carried on and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic financial statements taken as a whole.

The Foundation has adopted FASB ASC Topic No. 740, “Accounting for Uncertainty in Income Taxes” (“ASC 740”). ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with FASB Statement No. 109, “Accounting for Income Taxes,” and prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure and transition.

The Foundation has determined that the adoption of ASC 740 did not result in the recognition of any liability for unrecognized tax benefits and that there are no unrecognized tax benefits that would, if recognized, affect the effective tax rate. As of December 31, 2013, the open tax years for the Foundation were 2009 to 2013.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents. The Foundation places its cash and cash equivalents with high-credit, quality financial institutions. At times, such deposits may be in excess of amounts insured by the Federal Deposit Insurance Corporation (“FDIC”). FDIC insures all deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit. The standard insurance amount is $250,000 per depositor, per insured bank, for each ownership category. To date, the Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncement
In October 2012, the FASB issued Accounting Standards Update ("ASU") No. 2012-05, "Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows." This amendment provides guidance on how not-for-profit entities should consistently classify cash receipts on the statement of cash flows as they relate to the sale of certain donated financial assets. Early adoption for the beginning of the fiscal year of operation is permitted. The adoption of this guidance did not have a material financial impact on the Organization's financial statements.

NOTE 3 – INVESTMENTS

At December 31, 2013, investments consisted of the following:

Corporate, government and municipal bonds	$ 2,048,765
Equity securities	40,789
Mutual funds	396,236
Limited partnerships at cost	92,483
Total	**$ 2,578,273**

NOTE 4 – FAIR VALUE MEASUREMENTS

At December 31, 2013, the following financial instruments were classified by level within the valuation hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Corporate, government and municipal bonds and equity securities	$ 2,048,765	$ -	$ -	$ 2,048,765
Equity securities	40,789	-	-	40,789
Mutual funds	396,236	-	-	396,236
Beneficial interest in charitable remainder trusts	-	-	259,238	259,238
Total	**$ 2,485,790**	**$ -**	**$ 259,238**	**$ 2,745,028**

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Realized and unrealized gains and losses have been reflected in the statement of activities as increases or decreases in unrestricted net assets unless their use has been temporarily restricted by donors.

The estimated fair values of the Foundation's short-term financial instruments, including cash and cash equivalents, prepaid expenses, accounts payables and accrued expenses arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

For the year ended December 31, 2013, the change in the beneficial interest in remainder trusts classified as Level 3 is as follows:

Balance, beginning of year	$ 238,388
Change in value of charitable remainder trusts	20,850
Balance, end of year	**$ 259,238**

The components of total investment return from these investments as of December 31, 2013 consisted of the following:

Net realized and unrealized gains (losses) on investments	$ (56,504)
Interest and dividend income, net	35,812
Partnership income	28,641
Investment income	**$ 7,949**

The following table represents the Organization's Level 3 financial assets, the valuation techniques used to measure the fair value of the financial assets and the significant unobservable inputs and the ranges of values for those inputs:

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
Beneficial interest in charitable remainder trusts	$ 259,238	Discounted Cash Flow	Annuity Discount Factor	0.5110 – 0.78538
			Life Expectancy	IRS Mortality Actuarial Tables

NOTE 5 – PLEDGES RECEIVABLE

Pledges receivable are discounted at rates ranging from 0.38% to 3.04%. The estimated cash flows related to pledges receivable at December 31, 2013 were as follows:

Less than one year	$ 94,375
One to five years	554,270
After five years	14,000
	662,645
Discounts for the time-value of money	(14,092)
Allowance for uncollectible contributions	(8,000)
Total	**$ 640,553**

NOTE 6 – BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

The Foundation has received gifts of two irrevocable charitable remainder trusts. Each trust is a temporarily restricted asset due to the temporary restrictions placed on it. Each trust is included in the financial statements as a beneficial interest in charitable remainder trust 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 1.2% and the payout to the donor (range of 7.4% to 8% per annum). As of December 31, 2013, the present values of the trusts were $239,971 and $19,267.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2013 consisted of the following:

Office and computer equipment	$ 35,500
Leasehold improvements	2,751
	38,251
Less accumulated depreciation and amortization	32,020
Total	**$ 6,231**

Depreciation and amortization expense was $1,516 for the year ended December 31, 2013.

NOTE 8 – GRANTS PAYABLE

During the year ended December 31 2013, the Foundation paid all amounts relating to prior year grants awarded. In respect of the $1,435,000 in grants awarded during the year ended December 31 2013, as of the year end, a balance of $510,000 remained outstanding. This balance represented seventeen grants payable of $30,000, which is expected to be paid out in two quarterly installments subsequent to December 31, 2013.

NOTE 9 – COMMITMENTS

The Foundation leases office space under a noncancelable operating lease agreement that expires in August 2014 and requires minimum monthly rental payments of $4,701. The lease has an annual payment escalation clause and allows for an option of renewal for an additional three years. The Foundation also leases equipment under an operating lease, which requires monthly payments of $230 and $188 and expires in August 2014 and September 2018, respectively.

The expected future minimum lease payments of the aforementioned leases are as follows:

Year Ending December 31,	
2014	$ 41,708
2015	2,256
2016	2,256
2017	2,256
2018	2,256
Total	**$ 50,732**

Rent expense for office facilities was $54,843 for the year ended December 31, 2013.

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes:

	Available December 31, 2012	New Revenues	Released from Restrictions	Change in Value of Charitable Remainder Trusts	Available December 31, 2013
Time restricted through charitable remainder trusts	$ 238,388	$ -	$ -	$ 20,850	$ 259,238
Matching grant	-	50,000	(50,000)	-	-
Contributions subject to donor restrictions	-	91,500	(91,500)	-	-
Unexpended endowment earnings					
Research	27,825	2,323	-	-	30,148
Scientific review committee	-	2,229	(2,229)	-	-
Administrative costs	-	32,856	(32,856)	-	-
	$ 266,213	**$ 178,908**	**$(176,585)**	**$ 20,850**	**$ 289,386**

NOTE 11 – ENDOWMENTS

Permanently restricted net assets at December 31, 2013 were as follows:

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

NOTE 11 – ENDOWMENTS (Continued)

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 fiscal year ended December 31, 2013 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Total endowment fund balance, beginning of year	$ 27,825	$ 1,920,372	$ 1,948,197
Investment income	37,408	-	37,408
Transfer from endowment earnings to temporarily restricted - Board approved	(2,229)	-	(2,229)
Satisfaction of temporary restrictions/ appropriated for expenditures	(32,856)	-	(32,856)
Change in net assets related to endowment funds	2,323	-	2,323
Total endowment fund balance, end of year	**$ 30,148**	**$ 1,920,372**	**$ 1,950,520**

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, 2013, there were no accumulations added to the Foundation's permanently restricted net assets.

The Foundation does not have any board-designated endowment funds as of December 31, 2013.

NOTE 11 – ENDOWMENTS (Continued)

In accordance with Uniform Prudent Management of Institutional Funds Act ("UPMIFA") enacted in California and the provisions of FSP FAS No. 117-1, 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 unrestricted net assets.

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. There were no such deficiencies as of December 31, 2013.

NOTE 12 – RELATED PARTY TRANSACTIONS

The Foundation's board of directors is actively involved in raising funds for the Foundation. During the year ended December 31, 2013, the Foundation received a total of $83,130 in contributions from board of directors' members. In addition, board members have agreed to contribute an additional amount of $170,600 that is recorded as pledges receivable and deferred revenue. The present value of the pledges available from board members at December 31, 2012 was $168,247.

NOTE 13 – 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. Total income from special events was $1,694,544 and total costs were $636,272.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 29, 2014, which is the date the financial statements were issued or available to be issued. No material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTAL INFORMATION

CONCERN FOUNDATION
AND SUBSIDIARY
(A NONPROFIT ORGANIZATION)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2013

ASSETS

	Concern Foundation	Concern Foundation Holding, LLC	Total
Assets			
Cash and cash equivalents	$ 2,315,442	$ 3,387	$ 2,318,829
Investments	2,578,273	-	2,578,273
Accounts receivable	8,848		8,848
Pledges and other receivables, net	640,553	-	640,553
Beneficial interest in charitable remainder trusts	259,238	-	259,238
Property and equipment, net	6,231	-	6,231
Other assets	54,278	-	54,278
Total assets	**$ 5,862,863**	**$ 3,387**	**$ 5,866,250**

LIABILITIES AND NET ASSETS

	Concern Foundation	Concern Foundation Holding, LLC	Total
Liabilities			
Grants payable	$ 510,000	$ -	$ 510,000
Accounts payable and accrued expenses	33,468	-	33,468
Deferred revenue	640,553	-	640,553
Total liabilities	1,184,021	-	1,184,021
Commitments			
Net assets			
Unrestricted			
Undesignated	1,869,084	3,387	1,872,471
Board-designated	600,000	-	600,000
Total unrestricted	2,469,084	3,387	2,472,471
Temporarily restricted	289,386	-	289,386
Permanently restricted	1,920,372	-	1,920,372
Total net assets	4,678,842	3,387	4,682,229
Total liabilities and net assets	**$ 5,862,863**	**$ 3,387**	**$ 5,866,250**

The accompanying notes are an integral part of these financial statements.

CONCERN FOUNDATION
AND SUBSIDIARY
(A NONPROFIT ORGANIZATION)
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

	Concern Foundation	Concern Foundation Holding, LLC	Total
Revenue and support			
Contributions	2,413,639	$ -	$ 2,413,639
Special events, net	1,058,272	-	1,058,272
Campaign	29,852	-	29,852
Investment income	7,949	-	7,949
Decrease in value of charitable remainder trusts	20,850	-	20,850
Net assets released from restrictions			
Satisfaction of temporary restrictions	-	-	-
Total revenue and support	3,530,562	-	3,530,562
Functional expenses			
Program services	1,572,549	-	1,572,549
Management and general	67,846	-	67,846
Fundraising	213,881	-	213,881
Total functional expenses	1,854,276	-	1,854,276
Change in net assets	1,676,286	-	1,676,286
Net assets, beginning of year	3,002,556	3,387	3,005,943
Net assets, end of year	**$ 4,678,842**	**$ 3,387**	**$ 4,682,229**

The accompanying notes are an integral part of these financial statements.

CONCERN FOUNDATION
AND SUBSIDIARY
(A NONPROFIT ORGANIZATION)
SCHEDULE OF GRANTS EXPENSE
For the Year Ended December 31, 2013

Grants expense	
Karolinksa Institute, Sweden via Cancer Research Inst.	$ 165,000
Hebrew University, PH.D., Jerusalem, Israel	100,000
Jennifer Carew, Ph.D., Ohio	60,000
Weihang Chai, Ph.D., Washington	60,000
Erin B. Dickerson, Ph.D., Minnesota	60,000
Timothy Donahue, M.D., California	60,000
Thomas Fazzio, Ph.D., Massachusetts	60,000
Boyi Gan, Ph.D., Texas	60,000
Thomas Graeber, Ph.D., California	60,000
Sergei Koralov, Ph.D., New York	60,000
Sanaz Memarzadeh, Ph.D., M.D., California	60,000
Niv Papo, Ph.D., Beer-Sheva, Israel	60,000
Matthew Pratt, Ph.D., California	60,000
Andrew L. Snow, Ph.D., Maryland	60,000
Matthew P. Strout, M.D., Ph.D., Connecticut	60,000
Dean Tantin, Ph.D., Utah	60,000
Xaralabos Varelas, Ph.D., Massachusetts	60,000
Scott M. Welford, Ph.D., Ohio	60,000
Lifeng Xu, Ph.D., California	60,000
Anat Epstein, M.D., Ph.D., California	50,000
Jeremy Jones, PH.D., California	50,000
Smita Bhatia, M.D., M.P.A., California	25,000
Arnold Chin, PH.D., and Andrew Goldstein , PH.D., California	25,000
Subtotal grants expense	1,435,000
Grants refunded	(682)
Total grants expense	**$ 1,434,318**

The accompanying notes are an integral part of these financial statements.