

**CONCERN FOUNDATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



CONCERN FOUNDATION AND SUBSIDIARY
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Concern Foundation (a nonprofit organization) and Subsidiary which comprise the consolidated statement of financial position as of December 31, 2017, and 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.

Auditors' 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 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.

To the Board of Directors
Concern Foundation and Subsidiary

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, 2017, 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.

Report on Summarized Comparative Information

Concern Foundation and Subsidiary's 2016 financial statements were audited by other auditors, and their report dated October 25, 2017 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from 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 consolidated 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 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.



CliftonLarsonAllen LLP
Los Angeles, California
October 4, 2018

CONCERN FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
WITH COMPARATIVE TOTALS AT DECEMBER 31, 2016

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 668,512	\$ 638,433
Pledges receivable, net	835,389	336,284
Investments, at fair value	1,987,742	1,701,468
Beneficial interest in charitable remainder trusts	270,954	231,867
Endowment investments	1,916,760	1,991,292
Other assets	43,246	34,240
TOTAL CURRENT ASSETS	5,722,603	4,933,584
Property and equipment, net	5,338	8,057
TOTAL ASSETS	\$ 5,727,941	\$ 4,941,641
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 18,914	\$ 3,265
Accrued expenses	44,002	32,435
Grants payable	415,000	497,500
Deferred revenue	1,259,273	643,034
TOTAL CURRENT LIABILITIES	1,737,189	1,176,234
NET ASSETS		
Unrestricted		
Undesignated	511,685	200,000
Board-designated	1,140,000	1,322,205
TOTAL UNRESTRICTED	1,651,685	1,522,205
Temporarily restricted	418,695	322,830
Permanently restricted	1,920,372	1,920,372
TOTAL NET ASSETS	3,990,752	3,765,407
TOTAL LIABILITIES AND NET ASSETS	\$ 5,727,941	\$ 4,941,641

See accompanying independent auditors' report.
The accompanying notes are an integral part of these consolidated financial statements.

CONCERN FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017</u>	<u>2016</u>
REVENUE AND PUBLIC SUPPORT					
Public support					
Special events, net	\$ 1,442,907	\$ 30,000	\$ -	\$ 1,472,907	\$ 1,496,396
Contributions	22,351	247,500	-	269,851	297,503
Campaign	18,697	-	-	18,697	23,498
Investment gain (loss)	120,531	-	-	120,531	68,014
Interest and dividend income	68,255	28,568	-	96,823	89,017
Change in value of charitable remainder trusts	-	39,086	-	39,086	(492)
Net assets released from restrictions:					
Satisfaction of purpose	249,289	(249,289)	-	-	-
 TOTAL REVENUE AND PUBLIC SUPPORT	 <u>1,922,030</u>	 <u>95,865</u>	 <u>-</u>	 <u>2,017,895</u>	 <u>1,973,936</u>
EXPENSES					
Program services	1,230,413	-	-	1,230,413	1,404,377
General and administrative	160,191	-	-	160,191	134,240
Fundraising	401,946	-	-	401,946	363,207
 TOTAL EXPENSES	 <u>1,792,550</u>	 <u>-</u>	 <u>-</u>	 <u>1,792,550</u>	 <u>1,901,824</u>
 CHANGE IN NET ASSETS	 129,480	 95,865	 -	 225,345	 72,112
 NET ASSETS AT BEGINNING OF YEAR	 <u>1,522,205</u>	 <u>322,830</u>	 <u>1,920,372</u>	 <u>3,765,407</u>	 <u>3,693,295</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 1,651,685</u>	 <u>\$ 418,695</u>	 <u>\$ 1,920,372</u>	 <u>\$ 3,990,752</u>	 <u>\$ 3,765,407</u>

See accompanying independent auditors' report.
The accompanying notes are an integral part of these consolidated financial statements.

CONCERN FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Supporting Services		2017	2016
		General and Administrative	Fundraising		
Salaries	\$ 54,184	\$ 76,279	258,687	\$ 389,150	\$ 328,607
Payroll taxes	3,489	6,003	15,451	24,943	23,080
Employee benefits	7,418	7,865	34,326	49,609	43,050
Total salary related expenses	<u>65,091</u>	<u>90,147</u>	<u>308,464</u>	<u>463,702</u>	<u>394,737</u>
Grant awards	1,092,500	-	-	1,092,500	1,256,416
Occupancy	24,542	32,345	37,688	94,575	94,575
Professional fees and contract services	6,732	8,872	10,338	25,942	24,247
Scientific review committee costs	24,438	-	-	24,438	39,610
Bank and merchant fees	-	-	18,258	18,258	25,630
Information technology	4,526	5,965	6,949	17,440	13,960
Meetings and travel	1,749	5,815	2,685	10,249	9,331
Postage, shipping and delivery	2,187	2,882	3,359	8,428	9,881
Equipment lease and maintenance	2,145	2,827	3,293	8,265	8,705
Printing, publications	2,030	2,675	3,117	7,822	6,560
Insurance	1,770	2,315	2,723	6,808	6,684
Supplies	694	3,702	1,067	5,463	3,435
Telephone	1,219	1,607	1,873	4,699	4,131
Advertising	85	109	1,048	1,242	1,005
Expenses before depreciation	<u>1,229,708</u>	<u>159,261</u>	<u>400,862</u>	<u>1,789,831</u>	<u>1,898,907</u>
Depreciation	<u>705</u>	<u>930</u>	<u>1,084</u>	<u>2,719</u>	<u>2,917</u>
Total expenses 2017	<u>\$ 1,230,413</u>	<u>\$ 160,191</u>	<u>\$ 401,946</u>	<u>\$ 1,792,550</u>	
Total expenses 2016	<u>\$ 1,404,377</u>	<u>\$ 134,240</u>	<u>\$ 363,207</u>		<u>\$ 1,901,824</u>

See accompanying independent auditors' report.
The accompanying notes are an integral part of these consolidated financial statements.

CONCERN FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 225,345	\$ 72,112
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,719	2,917
Investment (gain) loss	(120,531)	(68,013)
Noncash contributions	(128,477)	(21,029)
Bond amortization	29,679	35,081
(Increase) decrease in assets:		
Pledges receivable	(499,105)	117,561
Beneficial interest in charitable remainder trusts	(39,087)	491
Other assets	(9,006)	13,568
Increase (decrease) in liabilities:		
Accounts payable	15,649	(4,186)
Accrued expenses	11,567	-
Grants payable	(82,500)	(95,000)
Deferred revenue	616,239	99,489
NET CASH PROVIDED BY OPERATING ACTIVITIES	22,492	152,991
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,789,104	1,509,629
Purchase of investments	(2,781,517)	(1,482,886)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	7,587	26,743
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET DECREASE IN CASH	30,079	179,734
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	638,433	458,699
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 668,512	\$ 638,433

See accompanying independent auditors' report.
The accompanying notes are an integral part of these consolidated financial statements.

CONCERN FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1 ORGANIZATION

Concern Foundation and Subsidiary (collectively, "the Foundation") is a nonprofit corporation organized under the laws of the State of California. 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 Concern Foundation. Concern LLC is owned 100% by Concern Foundation.

Concern 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. Concern Foundation conducts virtually all of its fundraising activities within Southern California. Concern LLC was subsequently dissolved in March 2018.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-

The consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiary. The consolidated 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 consolidated 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: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted -

The unrestricted class is the portion of the net assets of the Foundation that are not subject to donor-imposed stipulations. The only limits on unrestricted net assets are broad limits resulting from the nature of the Foundation and the purposes specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements. As part of unrestricted assets, 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.

Temporarily Restricted-

The temporarily restricted class is the portion of the net assets of the Foundation resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. The majority of contributions with restrictions are stipulated to be used as funding for specific projects.

Permanently Restricted- The permanently restricted class is the portion used to record resources received that are permanently restricted as to use by the donor or grantor.

CONCERN FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 consolidated functional expenses.

Cash and Cash Equivalents-

For the purposes of the consolidated 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 unrestricted, temporarily restricted, or permanently restricted support 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), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated 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, 2017, 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 - 7 years
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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.

CONCERN FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Summarized Comparative Financial Information-

The consolidated 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, 2016, 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 IRS 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 consolidated financial statements include any uncertain tax positions. With few exceptions, the Foundation is no longer subject to U.S. federal and state examinations by tax authorities for the years before 2014 and 2013, respectively.

Use of Estimates-

The preparation of consolidated 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 consolidated 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 consolidated statement of activities, and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated between programs and supporting services in reasonable ratios determined by management.

Management and General Expenses-

For the year ended December 31, 2017, the percentage of administrative expenses to total revenue was 7.9%.

Reclassification-

Certain 2016 financial information has been reclassified to conform to the 2017 presentation. The reclassifications have no impact on the previously reported changes in net assets.

Subsequent Events-

Management has evaluated subsequent events through October 4, 2018, the date the consolidated financial statements were available to be issued.

CONCERN FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 recipient's meeting certain criteria and the Foundation's ability to fund such an award.

Note 3 PLEDGES RECEIVABLE

Pledges receivable are discounted at a 2.20% rate for the year ended December 31, 2017. The estimated cash flow related to pledges receivable at December 31, 2017 were as follows:

Receivable due in less than one year	\$	215,311
One to ten years		<u>663,189</u>
Total		878,500
Less discount to net present value		(35,111)
Less allowance for uncollectible contributions		<u>(8,000)</u>
Total pledges receivables, net	\$	<u><u>835,389</u></u>

Note 4 FIXED ASSETS

Fixed assets consists of the following:

Computer equipment	\$	34,854
Furniture and fixtures		<u>5,839</u>
		40,693
Less: Accumulated depreciation		<u>(35,355)</u>
Total fixed assets, net	\$	<u><u>5,338</u></u>

CONCERN FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 5 INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments as of December 31, 2017 are as follows:

Corporate and government bonds	\$	2,651,612
Mutual funds		1,058,743
Limited partnerships at cost		92,484
Exchange-traded funds (ETFs)		82,008
Equity securities		<u>19,655</u>
Total investments	\$	<u><u>3,904,502</u></u>

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.

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Other Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Operating Investments:				
Corporate and government bonds	\$ 922,184	\$ 922,184	\$ -	\$ -
Equity securities	19,655	19,655	-	-
Mutual funds	883,272	883,272	-	-
ETFs	70,147	70,147	-	-
Limited partnerships at cost	<u>92,484</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating	<u>1,987,742</u>	<u>\$ 1,895,258</u>	<u>\$ -</u>	<u>\$ -</u>
Endowment Investments:				
Corporate and government bonds	\$ 1,729,428	\$ 1,729,428	\$ -	\$ -
Mutual funds	175,471	175,471	-	-
ETFs	<u>11,861</u>	<u>11,861</u>	<u>-</u>	<u>-</u>
Total Endowment	<u>\$ 1,916,760</u>	<u>\$ 1,916,760</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial interest in				
Charitable remainder trusts	<u>270,954</u>	<u>-</u>	<u>-</u>	<u>270,954</u>
Total	<u><u>\$ 4,175,456</u></u>	<u><u>\$ 3,812,018</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 270,954</u></u>

CONCERN FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 5 INVESTMENTS AND FAIR VALUE MEASUREMENT (CONT.)

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, 2017:

Balance, beginning of year	\$	231,867
Change in value of charitable remainder trusts		<u>39,087</u>
Balance, end of year	\$	<u><u>270,954</u></u>

Note 6 BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

The Foundation received gifts of two irrevocable charitable remainder trusts. Each trust is included in the consolidated 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 2% and the payout to the donor (range of 7.38% to 7.87% per annum). As of December 31, 2017, the present values of the trusts were \$255,454 and \$15,500.

Note 7 GRANTS PAYABLE

During the year ended December 31, 2017, the Foundation paid all amounts relating to the grants payable as of December 31, 2016. In respect of the \$1,092,500 in grants awarded during the year ended December 31, 2017, as of the year end, a balance of \$415,000 remained outstanding. The outstanding balance is expected to be paid during the year ending December 31, 2018.

Note 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Time restricted through charitable remainder trusts	\$	270,954
Contribution subject to donor restrictions		100,000
Research		45,038
Scientific review committee		<u>2,703</u>
Total	\$	<u><u>418,695</u></u>

CONCERN FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 9 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	\$	165,000
Matching grant		62,500
Release of endowment income		<u>21,789</u>
Total	\$	<u><u>249,289</u></u>

Note 10 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2017 is comprised of the following endowments:

Mynda Cohn/Jensen Memorial Fund	\$	1,645,478
Steric Fund		100,000
Wilbur S. Schwartz Fund		<u>174,894</u>
Total	\$	<u><u>1,920,372</u></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, 2017 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 70,920	\$ 1,920,372	\$ 1,991,292
Contributions			
Investment income	28,568	-	28,568
Net appreciation (depreciation)	(2,699)	-	(2,699)
Amounts appropriated for expenditure	<u>(96,789)</u>	<u>-</u>	<u>(96,789)</u>
Total endowment fund balance, end of year	<u>\$ -</u>	<u>\$ 1,920,372</u>	<u>\$ 1,920,372</u>

CONCERN FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 10 PERMANENTLY RESTRICTED NET ASSETS (CONT.)

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, 2017, 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 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.

Note 11 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 \$1,894,441 and direct donor benefit costs were \$421,534. The direct expenses relating to special events revenue would be considered materially fundraising expenses.

Note 12 COMMITMENTS AND CONTINGENCIES

The Foundation rents their office space under a lease agreement expiring in December 2018. Rent expense paid under the agreement for the year ended December 31, 2017 was \$94,575. A donation in support of offsetting the rent expense was received for \$40,000 from a board member.

The Foundation also leases equipment under a lease agreement expiring in September 2018.

The future annual payments are as follows:

2018	\$ <u>102,867</u>
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CONCERN FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 13 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.

CONCERN FOUNDATION AND SUBSIDIARY
SCHEDULE OF GRANTS EXPENSE
Year Ended December 31, 2017

Grants awarded

University of California Los Angeles U.C. Regents, Los Angeles, CA	\$ 100,000
The Lautenberg Center Lautenberg Center at Hebrew University, Israel	80,000
Dr. Scott Atwood Regents of the University of California (Irvine)	60,000
Dr. Luis Batista Washington University, St. Louis	60,000
Dr. Milan Chheda Washington University, St. Louis	60,000
Dr. Saar Gill University of Pennsylvania	60,000
Dr. Bojana Gligorijevic Temple University	60,000
Dr. Xi Huang Research Institute Hospital for Sick Children, Ontario, Canada	60,000
Dr. Hyungjin Kim State University of New York, Stony Brook	60,000
Dr. Kian-Huat Lim Washington University, St. Louis	60,000
Dr. Chintan Parekh Children's Hospital, Los Angeles	60,000
Dr. Olga Razorenova Regents of the University of California (Irvine)	60,000
Dr. Bruno Sainz Universidad Autónoma de Madrid, Spain	60,000
Dr. Masataka Suzuki Baylor College of Medicine	60,000
Dr. Baochun Zhang Dana-Farber Cancer Institute, Boston, MA	60,000
Dr. Anat Epstein Children's Hospital , Los Angeles	50,000

CONCERN FOUNDATION AND SUBSIDIARY
SCHEDULE OF GRANTS EXPENSE
Year Ended December 31, 2017

Dr. Troy A. McEachron AYA USC/Norris Comprehensive Cancer Center	50,000
Dr. Yuan Yaun City of Hope Duarte	25,000
Dr. Ibrahim Omar Hebrew University	<u>7,500</u>
Total grants awarded	\$ <u><u>1,092,500</u></u>



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.