



FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2015

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses.....	6
Statements of Cash Flows	8
Notes to Financial Statements.....	9

Independent Auditor's Report

Board of Directors
Circle of Concern
St. Louis, Missouri

We have audited the accompanying financial statements of Circle of Concern (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 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 Organization'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 Organization'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 Circle of Concern as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Brown Smith Wallace, LLP

St. Louis, Missouri

May 16, 2016

CIRCLE OF CONCERN

Statements of Financial Position

December 31, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 579,380	\$ 530,338
Donated and purchased goods on hand	104,713	124,959
Prepaid expenses and other assets	1,421	3,641
Short term investments	632,000	375,000
Total Current Assets	1,317,514	1,033,938
Long term investments	-	200,000
Property and Equipment, net	1,412,555	1,459,274
TOTAL ASSETS	\$ 2,730,069	\$ 2,693,212
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 10,507	\$ 5,093
Total Current Liabilities	10,507	5,093
Net Assets		
Unrestricted	2,711,211	2,607,107
Temporarily restricted	8,351	81,012
Total Net Assets	2,719,562	2,688,119
TOTAL LIABILITIES AND NET ASSETS	\$ 2,730,069	\$ 2,693,212

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

CIRCLE OF CONCERN

Statement of Activities

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues and Public Support			
Individuals	\$ 585,140	\$ -	\$ 585,140
Businesses	69,700	-	69,700
Community groups and congregations	92,002	-	92,002
Foundations	144,009	-	144,009
Ameren UE Dollar More	6,042	-	6,042
Food contributions	984,347	-	984,347
Non-food contributions	163,922	-	163,922
Special events, net direct expenses of \$13,715	29,204	-	29,204
Interest income	6,696	-	6,696
Other income	5,519	-	5,519
Net assets released from restrictions	72,661	(72,661)	-
Total revenues and public support	2,159,242	(72,661)	2,086,581
Expenses			
Program	1,758,224	-	1,758,224
Management and general	211,091	-	211,091
Fundraising	85,823	-	85,823
Total expenses	2,055,138	-	2,055,138
CHANGE IN NET ASSETS	104,104	(72,661)	31,443
Net assets at beginning of year	2,607,107	81,012	2,688,119
Net assets at end of year	\$ 2,711,211	\$ 8,351	\$ 2,719,562

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

CIRCLE OF CONCERN

Statement of Activities

Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues and Public Support			
Individuals	\$ 569,995	\$ -	\$ 569,995
Businesses	81,869	-	81,869
Community groups and congregations	120,600	-	120,600
Foundations	144,687	121,500	266,187
Ameren UE Dollar More	10,224	-	10,224
Food contributions	1,044,728	-	1,044,728
Non-food contributions	170,930	-	170,930
Special events, net direct expenses of \$6,997	11,551	-	11,551
Interest income	2,843	-	2,843
Other income	11,323	-	11,323
Net assets released from restrictions	40,488	(40,488)	-
Total revenues and public support	2,209,238	81,012	2,290,250
Expenses			
Program	1,850,035	-	1,850,035
Management and general	220,721	-	220,721
Fundraising	74,420	-	74,420
Total expenses	2,145,176	-	2,145,176
CHANGE IN NET ASSETS	64,062	81,012	145,074
Net assets at beginning of year	2,543,045	-	2,543,045
Net assets at end of year	\$ 2,607,107	\$ 81,012	\$ 2,688,119

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

CIRCLE OF CONCERN

Statement of Functional Expenses

Year Ended December 31, 2015

	Program Service	Management and General	Fundraising	Total
Salaries	\$ 95,795	\$ 63,863	\$ 39,915	\$ 199,573
Insurance and employee expenses	2,585	1,723	1,077	5,385
Employment taxes	8,335	6,885	3,473	18,693
	106,715	72,471	44,465	223,651
Aid to individuals (Note A)	1,539,820	1,550	-	1,541,370
Auto expense	9,186	-	-	9,186
Bank fees	-	3,780	-	3,780
Computer expense	-	3,249	-	3,249
Depreciation	19,038	40,454	-	59,492
Fundraising	-	-	14,987	14,987
Insurance	9,490	9,490	-	18,980
License and fees	-	1,975	-	1,975
Memberships	28	1,373	-	1,401
Newsletter	-	13,163	13,163	26,326
Postage	1,093	1,093	-	2,186
Professional fees	3,499	40,240	-	43,739
Public relations	-	-	7,328	7,328
Repairs and maintenance	14,827	14,827	-	29,654
Scholarships	27,246	-	-	27,246
Supplies	7,587	2,484	2,484	12,555
Telephone	3,138	1,546	-	4,684
Utilities	8,678	3,396	3,396	15,470
Volunteer services	7,879	-	-	7,879
	1,651,509	138,620	41,358	1,831,487
TOTAL FUNCTIONAL EXPENSES	\$ 1,758,224	\$ 211,091	\$ 85,823	\$ 2,055,138

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

CIRCLE OF CONCERN

Statement of Functional Expenses

Year Ended December 31, 2014

	Program Service	Management and General	Fundraising	Total
Salaries	\$ 108,319	\$ 72,212	\$ 45,133	\$ 225,664
Insurance and employee expenses	3,101	2,067	1,292	6,460
Employment taxes	10,131	6,754	4,221	21,106
	121,551	81,033	50,646	253,230
Aid to individuals (Note A)	1,629,561	-	-	1,629,561
Auto expense	6,135	-	-	6,135
Bank fees	-	3,926	-	3,926
Computer expense	-	7,927	-	7,927
Depreciation	18,868	40,094	-	58,962
Fundraising	-	-	9,065	9,065
Insurance	7,995	7,995	-	15,990
License and fees	-	1,950	-	1,950
Memberships	44	2,156	-	2,200
Newsletter	-	23,551	2,617	26,168
Postage	920	921	-	1,841
Professional fees	2,872	33,033	-	35,905
Public relations	-	-	6,672	6,672
Repairs and maintenance	11,118	11,118	-	22,236
Scholarships	27,607	-	-	27,607
Supplies	5,773	1,807	1,807	9,387
Telephone	3,244	1,597	-	4,841
Utilities	8,930	3,613	3,613	16,156
Volunteer services	5,417	-	-	5,417
	1,728,484	139,688	23,774	1,891,946
TOTAL FUNCTIONAL EXPENSES	\$ 1,850,035	\$ 220,721	\$ 74,420	\$ 2,145,176

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

CIRCLE OF CONCERN

Statements of Cash Flows

Years ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 31,443	\$ 145,074
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	59,492	58,962
(Gain) loss on disposal of assets	207	(1,183)
(Increase) decrease in operating assets:		
Donated and purchased goods on hand	20,246	6,691
Prepaid expenses and other assets	2,220	(87)
Increase in operating liabilities:		
Accounts payable and accrued expenses	5,414	2,214
Net cash provided by operating activities	119,022	211,671
Cash flows from investing activities:		
Purchases of property and equipment	(12,980)	(3,945)
Purchase of investments	(57,000)	(100,913)
Net cash used in investing activities	(69,980)	(104,858)
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,042	106,813
Cash and cash equivalents, beginning of year	530,338	423,525
Cash and cash equivalents, end of year	\$ 579,380	\$ 530,338

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

CIRCLE OF CONCERN

Notes to Financial Statements

December 31, 2015

Note A - Nature of Activities

Circle of Concern ("Circle") is a Missouri not-for-profit corporation serving as a food pantry which also provides limited emergency aid to its clients. It is operated primarily by volunteers. It serves West St. Louis County residents who live within the Parkway, Rockwood, and Valley Park School Districts. Circle was formed in 1967 by several West County churches to assist families in need through pooling of resources.

- **Food Pantry** - Circle shared over \$1,250,000 worth of donated and purchased food for the years ended December 31, 2015 and 2014.
- **Financial Assistance** - Circle assists families with payments to utilities, landlords, pharmacies, and other vendors.
- **Back to School** - Each summer, Circle organizes a school supply drive to provide students of our families with new supplies for the upcoming school year. Each student (kindergarten through high school senior) receives a pre-sorted bag of supplies and a backpack.
- **Scholarships** - Each spring, high school seniors from low and moderate income families can apply for a scholarship through Circle. These scholarships are used to pay college tuition as well as trade or professional schools.
- **Summer Opportunities** - Over the summer months, Circle provides numerous children with the opportunity to attend various camps and programs.
- **Winter Holiday Programs** - Every winter, Circle shares the spirit of the holidays by providing families with a holiday basket filled with food. Circle matches families with sponsors for holiday adoptions; the adoption consists of gifts for the family members. Circle also organizes a toy drive to give children a new toy at Toy Day.
- **Birthday Club** - Children under 12 receive a gift from Circle on their birthday.

CIRCLE OF CONCERN

Notes to Financial Statements – Continued

December 31, 2015

Note B - Summary of Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared on the accrual basis and, accordingly, reflect all significant receivables, payables and other liabilities. Revenues and expenses are recognized in the period in which they are earned or incurred.

Basis of Presentation

Financial statement presentation follows the requirements of Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 958-205-05, *Not-for-Profit Entities*, which requires Circle to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. At December 31, 2015 and 2014, respectively, Circle has no permanently restricted net assets.

Revenue Recognition

Unconditional promises to give are accrued at estimated fair value at the date each promise is received. Gifts are reported as temporarily or permanently restricted support if they are received with donors’ stipulations that limit the use of the donated assets. When a donor’s restriction is satisfied, temporarily restricted net assets are released and reported as an increase in unrestricted net assets. Circle’s policy is to record restricted contributions as unrestricted if the restriction is met within the reporting period. At December 31, 2015 and 2014, Circle had no unconditional promises to give for accrual purposes.

Use of Estimates in Financial Statement Preparation

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Circle considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Circle maintains cash balances at various financial institutions in the St. Louis area. At times, bank deposits may be in excess of federally insured limits.

CIRCLE OF CONCERN

Notes to Financial Statements – Continued

December 31, 2015

Note B - Summary of Significant Accounting Policies (Continued)

Investments

Certificates of deposit held for investment that are not debt securities are included in “investments.” Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as “short-term investments.” Certificates of deposit with remaining maturities of greater than one year are classified as “long-term investments.” The cost of the Certificates of deposit approximates fair value. Investment income is recognized when earned. Unrealized gains and losses are included in the changes in net assets in the statement of activities.

Donated and Purchased Goods on Hand

At December 31, 2015 and 2014, inventory consisted of donated and purchased food items, gift cards, toys, and school supplies. The purchased items are valued at cost and the donated items are estimated at fair market value at the time of the donation. Significant food products and materials are donated to Circle by various individuals, organizations, and local governments.

Property and Equipment

Acquisitions of property and equipment with a useful life greater than one year and a cost of \$500 dollars or more are capitalized. Property and equipment are carried at cost or, if donated, at the estimated fair values of the assets at the time of donation. Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Repairs and maintenance are expensed as incurred.

Impairment of Long Lived Assets

Circle evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. In the opinion of management, no such impairment existed for the years ended December 31, 2015 and 2014.

Expense Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CIRCLE OF CONCERN

Notes to Financial Statements – Continued

December 31, 2015

Note B - Summary of Significant Accounting Policies (Continued)

Donated Goods and Services

Donated goods and services are recorded as contributions at fair market value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Circle records donated goods and services if their value is readily ascertainable and if the services performed require specialized skills.

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by Circle. Numerous volunteers support Circle by providing a variety of services; however, the value of this contributed time is not reflected in these financial statements because the criteria for recognition has not been met.

Income Tax Status

Circle constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes.

Circle has addressed the provisions of FASB ASC 740, *Accounting for Income Taxes*. In that regard, the Organization has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions.

Subsequent Events

Circle has evaluated subsequent events through May 16, 2016, which is the date the financial statements were available to be issued, and has reflected all events requiring adjustment or disclosure in the financial statements.

Note C - Donated and Purchased Goods on Hand

The components of donated and purchased goods on hand are as follows:

	<u>2015</u>	<u>2014</u>
Gift cards	\$ 10,440	\$ 9,393
Food	84,122	93,285
Toys	5,601	17,859
Back to school supplies	<u>4,550</u>	<u>4,422</u>
	<u>\$ 104,713</u>	<u>\$ 124,959</u>

CIRCLE OF CONCERN

Notes to Financial Statements – Continued

December 31, 2015

Note D - Property and Equipment

A summary of property and equipment follows:

	<u>2015</u>	<u>2014</u>
Building and improvements	\$ 1,526,794	\$ 1,515,315
Computers and equipment	119,930	119,600
Furniture and fixtures	32,669	32,120
Automobiles	32,121	32,121
Land	<u>147,999</u>	<u>147,999</u>
Total cost	1,859,513	1,847,155
Less accumulated depreciation	<u>(446,958)</u>	<u>(387,881)</u>
	<u>\$ 1,412,555</u>	<u>\$ 1,459,274</u>

Depreciation expense was \$59,492 and \$58,962 for the years ended December 31, 2015 and 2014, respectively.

Note E - Donated Food and Non-Food Items

The value included in the statements of activities for donated food and non-food items at December 31, 2015 and 2014 was \$1,148,269 and \$1,215,658, respectively. Management estimated the fair value of donated goods inventory as of December 31, 2015 and 2014.

Note F - Conditional Promises to Give

At December 31, 2014, Circle had a \$150,000 conditional promise to give in support of its operations. The commitment was part of a multi-year promise, with disbursements being made in the amount of \$30,000 each year for five years; two payments totaling \$60,000 have been collected, with \$90,000 remaining as of December 31, 2015. Payments are contingent on the results of operations of the corporate sponsor.

In addition, Circle had a \$55,000 conditional promise to give in support of the food pantry contingent on requirements to be met in 2014, 2015, and 2016. Requirements were met in 2014 and 2015 and payments of \$25,000 and \$20,000 were collected, respectively. Circle will receive \$10,000, in 2016, upon meeting the agreed upon requirements. The disbursements are subject to the approval of the grantor.

No amount has been reflected in these financial statements for the conditional promises to give.

CIRCLE OF CONCERN

Notes to Financial Statements – Continued

December 31, 2015

Note G - Temporarily Restricted Net Assets

At December 31, 2015 and 2014, temporarily restricted net assets were restricted for the following:

	<u>2015</u>	<u>2014</u>
Food pantry	\$ 6,519	\$ 33,882
Capital improvements	-	13,130
Scholarships	-	25,000
Camperships	<u>1,832</u>	<u>9,000</u>
	<u>\$ 8,351</u>	<u>\$ 81,012</u>
Net assets released:		
Food pantry	\$ 27,363	\$ 24,118
Capital improvements	13,130	3,870
Financial assistance	-	12,500
Scholarships	25,000	-
Camperships	<u>7,168</u>	<u>-</u>
	<u>\$ 72,661</u>	<u>\$ 40,488</u>