Circle of Concern

Financial Statements

December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Circle of Concern

Opinion

We have audited the accompanying financial statements of Circle of Concern (the "Organization"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Circle of Concern as of December 31, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Armanino LLP

St Louis, Missouri

June 22, 2026

Circle of Concern
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,156,169	$ 973,594
Certificates of deposit	247,608	237,040
Donated and purchased goods on hand	284,976	307,513
Prepaid expenses and other assets	22,836	26,604
Investments, at fair value	4,668,993	4,118,038
Total current assets	6,380,582	5,662,789
Property and equipment, net	1,653,136	1,691,098
Total assets	$ 8,033,718	$ 7,353,887
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 37,242	$ 59,511
Deferred revenue	-	5,000
Scholarships payable	64,000	43,350
Total current liabilities	101,242	107,861
Net assets		
Without donor restrictions	7,914,025	7,240,763
With donor restrictions	18,451	5,263
Total net assets	7,932,476	7,246,026
Total liabilities and net assets	$ 8,033,718	$ 7,353,887

Circle of Concern
Statement of Activities
For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, public support, and gains			
Individuals	$ 1,416,308	$ -	$ 1,416,308
Businesses	129,855	-	129,855
Community groups and congregations	119,388	-	119,388
Foundations	556,211	-	556,211
Other contributions	113,934	30,650	144,584
In kind food contributions	1,007,661	-	1,007,661
In kind non-food contributions	47,968	-	47,968
Special event revenue, net	61,736	-	61,736
Investment return, net	316,625	-	316,625
Other income	2,642	-	2,642
Net assets released from restriction	17,462	(17,462)	-
Total revenues, public support, and gains	3,789,790	13,188	3,802,978
Functional expenses			
Program service	2,624,749	-	2,624,749
Management and general	232,328	-	232,328
Fundraising	259,451	-	259,451
Total functional expenses	3,116,528	-	3,116,528
Change in net assets	673,262	13,188	686,450
Net assets, beginning of year	7,240,763	5,263	7,246,026
Net assets, end of year	$ 7,914,025	$ 18,451	$ 7,932,476

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

Circle of Concern
Statement of Activities
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, public support, and gains			
Individuals	$ 1,078,698	$ -	$ 1,078,698
Businesses	72,299	-	72,299
Community groups and congregations	110,050	-	110,050
Foundations	323,070	-	323,070
Other contributions	100,819	40,749	141,568
In kind food contributions	871,102	-	871,102
In kind non-food contributions	37,517	-	37,517
Special event revenue, net	57,571	-	57,571
Government grants	13,600	-	13,600
Investment return, net	297,318	-	297,318
Other income	6,502	-	6,502
Net assets released from restriction	56,865	(56,865)	-
Total revenues, public support, and gains	3,025,411	(16,116)	3,009,295
Functional expenses			
Program service	2,317,241	-	2,317,241
Management and general	224,470	-	224,470
Fundraising	236,868	-	236,868
Total functional expenses	2,778,579	-	2,778,579
Change in net assets	246,832	(16,116)	230,716
Net assets, beginning of year	6,993,931	21,379	7,015,310
Net assets, end of year	$ 7,240,763	$ 5,263	$ 7,246,026

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

Circle of Concern
Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Service	Management and General	Fundraising	Total
Personnel expenses				
Salaries	$ 221,180	$ 99,977	$ 124,771	$ 445,928
Insurance and employee expenses	18,796	8,497	10,603	37,896
Employment taxes	17,004	7,686	9,592	34,282
Total personnel expenses	256,980	116,160	144,966	518,106
Operating expenses				
Assistance to individuals	2,047,242	-	-	2,047,242
Auto expense	2,304	-	-	2,304
Bank fees	-	14,898	-	14,898
Computer expense	7,030	2,383	25,590	35,003
Depreciation	43,827	7,156	3,578	54,561
Insurance	23,686	6,767	3,384	33,837
Licenses and fees	14	2,825	468	3,307
Memberships	-	1,749	-	1,749
Miscellaneous	8,074	3,562	3,515	15,151
Newsletter and appeals	-	3,181	25,235	28,416
Postage	4,313	1,461	6,742	12,516
Professional fees	-	56,243	-	56,243
Public relations	-	-	36,125	36,125
Repairs and maintenance	48,314	11,185	5,592	65,091
Scholarships	137,692	-	-	137,692
Event supplies, food, and venue	-	-	26,228	26,228
Supplies	9,151	1,446	1,446	12,043
Telephone	5,633	1,909	2,108	9,650
Utilities	14,882	1,403	702	16,987
Volunteer services	15,607	-	-	15,607
Total operating expenses	2,367,769	116,168	140,713	2,624,650
Less expenses included with revenues on the statement of activities				
Direct benefits to donors	-	-	(26,228)	(26,228)
	$ 2,624,749	$ 232,328	$ 259,451	$ 3,116,528

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

Circle of Concern
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Service	Management and General	Fundraising	Total
Personnel expenses				
Salaries	$ 207,863	$ 93,958	$ 117,258	$ 419,079
Insurance and employee expenses	10,986	4,966	6,198	22,150
Employment taxes	16,103	7,278	9,083	32,464
Total personnel expenses	234,952	106,202	132,539	473,693
Operating expenses				
Assistance to individuals	1,789,707	-	-	1,789,707
Auto expense	6,728	-	-	6,728
Bank fees	-	11,311	-	11,311
Computer expense	15,234	5,162	5,703	26,099
Depreciation	39,756	7,191	3,595	50,542
Insurance	22,388	6,397	3,198	31,983
Licenses and fees	-	8,006	1,106	9,112
Memberships	-	1,204	-	1,204
Miscellaneous	2,239	4,430	3,351	10,020
Newsletter and appeals	-	6,228	35,290	41,518
Postage	5,612	1,901	2,100	9,613
Professional fees	-	52,655	-	52,655
Public relations	-	-	41,237	41,237
Repairs and maintenance	35,148	9,360	4,680	49,188
Scholarships	132,000	-	-	132,000
Event supplies, food, and venue	-	-	22,045	22,045
Supplies	4,581	1,449	1,449	7,479
Telephone	5,531	1,874	2,070	9,475
Utilities	12,629	1,100	550	14,279
Volunteer services	10,736	-	-	10,736
Total operating expenses	2,082,289	118,268	126,374	2,326,931
Less expenses included with revenues on the statement of activities				
Direct benefits to donors	-	-	(22,045)	(22,045)
	$ 2,317,241	$ 224,470	$ 236,868	$ 2,778,579

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

Circle of Concern
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 686,450	$ 230,716
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	54,561	50,542
Unrealized and realized gains on investments	(137,560)	(103,806)
Non-cash contributions (donated stock)	(39,681)	(18,597)
In kind food and non-food contributions	(1,048,262)	(908,619)
Distributions of in kind food and non-food (assistance to individuals)	1,007,027	899,022
Donated and purchased goods on hand	63,772	(38,433)
Prepaid expenses and other assets	3,768	(18,528)
Accounts payable and accrued liabilities	(22,269)	37,600
Scholarships payable	20,650	(650)
Deferred revenue	(5,000)	5,000
Net cash provided by operating activities	583,456	134,247
Cash flows from investing activities		
Purchases of property and equipment	(16,599)	(457,029)
Purchases of investments	(3,513,327)	(13,579)
Proceeds from sale of investments	1,598,766	13,579
Reinvestment of dividends and interest	(82,330)	(63,001)
Purchases of certificates of deposit	(2,240,133)	(723,945)
Maturities of certificates of deposit	3,863,310	1,028,081
Net cash used in investing activities	(390,313)	(215,894)
Net increase (decrease) in cash, cash equivalents and certificates of deposit	193,143	(81,647)
Cash, cash equivalents and certificates of deposit, beginning of year	1,210,634	1,292,281
Cash, cash equivalents and certificates of deposit, end of year	$ 1,403,777	$ 1,210,634

Cash, cash equivalents and certificates of deposit consisted of the following:

	2025	2024
Cash and cash equivalents	$ 1,156,169	$ 973,594
Certificates of deposit	247,608	237,040
	$ 1,403,777	$ 1,210,634

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

1. NATURE OF ACTIVITIES

Formed in 1967 by a group of West St. Louis County churches, Circle of Concern ("Circle") is a Missouri not-for-profit food pantry and social services agency serving low-income families in the Parkway, Rockwood, Kirkwood and Valley Park School Districts as well as the 63026 and 63049 zip codes. While Circle's core program is its food pantry, its motto is, "Feeding families is just the beginning". Circle's revenue and support are derived primarily from public contributions and donated materials.

- Food Pantry – Circle shares a variety of fresh (eggs, dairy, meat, produce) and packaged foods - one to two weeks' worth each month for eligible households. Circle serves approximately 725 households on a monthly basis and reaches approximately 1,400 unique/unduplicated households annually.

- Emergency Financial Assistance – Circle provides limited short-term financial assistance for eligible households, primarily to help a family avoid eviction or a utility shut-off.

- Case Management, Coaching and Community Referrals – During monthly appointments with trained volunteer intake and case workers, clients may practice simple budgeting, discuss obstacles, set goals, and explore additional resources and strategies.

- Career Mentorship – Working and retired professionals pair with clients striving to grow professionally, increase employability, improve earning potential, explore educational opportunities, etc. Together, clients and mentors may work on job search techniques; computer skills, resume development, networking, interviewing, interpersonal and time-management skills.

- Scholarships – Eligible high school seniors and second and third-year college students may compete for scholarships to attend college, professional or trade school. Additionally, eligible adult clients may apply for a scholarship to renew a professional license, complete a degree or certificate program, etc.

- Summer Opportunities – Client families may apply for "camperships" for their child (children) to attend a summer sports, music, scouts, church or STEM camp, etc. Circle sends over 150 children annually to a variety of camps throughout St. Louis County and beyond.

- Back to School – Circle provides gift cards to client families with school-aged children; enabling them to buy school supplies, shoes or clothing.

- Holiday and Birthday Programs – Circle provides Thanksgiving foods and gift cards to make the season bright for client households. On their birthdays, children under 12 receive a toy and books selected just for them, along with cake mix, frosting and simple party supplies.

- Counseling - Clients may access counseling services (for adult, child, family, or couple) through one of Circle's mental health providers (currently Provident Behavioral Health and St. Louis Counseling). Through grant funding, Circle will pay for up to 12 counseling sessions or 10 psychiatric sessions for an eligible household.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements have been prepared using the accrual basis of accounting. Additionally, Circle is required to report information regarding its financial position and activities according to two classes of net assets. Net assets, revenues, gains and losses therein are classified and reported as follows:

- *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 net assets for an operating reserve and board-designated endowment.
- *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. Circle has no net assets with donor restrictions that were perpetual in nature as of December 31, 2025 and 2024, respectively.

Circle reports 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, and released upon expiration of the donor restrictions.

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 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. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to $250,000. At times, bank deposits may be in excess of federally insured limits. Management believes the Organization is not exposed to significant risk related to their financial institutions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Certificates of deposit

Certificates of deposit included in the statements of financial position represent investments held at financial institutions with original maturities exceeding three months. These instruments are not classified as cash equivalents due to their longer maturity terms. The certificates are recorded at cost, plus accrued interest, which approximates fair value. Interest income is recognized over the term of the investment and reported in the statement of activities as interest income.

Investments

Circle records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position based on quoted prices on public exchanges (Level 1), such as mutual funds, or significant observable inputs for similar assets (Level 2), such as certificates of deposits.

Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses. Investment income is recorded as net assets without donor restriction unless such amounts are restricted by the donor or by law. Investment income (e.g. interest and dividends and realized and unrealized gains/losses) with donor-imposed restrictions that are met in the same year as earned are reported as net assets without donor restrictions.

Circle invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk association with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Contributions and grants receivable

Contributions receivable consist of nonreciprocal support transactions with individuals, companies, and foundations. Grants receivable consist of nonreciprocal support transactions with governmental agencies that are mostly billed on a cost reimbursement basis or have other specific conditions. Unconditional contributions receivable are accrued at their estimated fair value at the date that the promise is made. The Organization considers contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense and a credit to the receivable or the allowance for uncollectible contributions and grants receivable. As of December 31, 2025 and 2024, there was no allowance for uncollectible contributions and grants receivable established as management considers all outstanding support revenue receivables to be fully collectible.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated and purchased goods on hand

At December 31, 2025 and 2024, donated and purchased goods on hand consisted of food items, gift cards, and toys. Significant food products and materials are donated to Circle by various individuals, organizations, and local governments. The purchased items and gift cards are recorded at cost and the donated items are recorded at estimated fair market value at the time of the donation. Donated food products are valued at fair value using product distribution pricing guidelines provided by the St. Louis Area Food Bank obtained from Feeding America, a national consortium of regional food banks. The estimated average fair value prices per pound of $1.94 and $1.93 were used in determining donated products, as of December 31, 2025 and 2024, respectively. Donated toys are valued at fair value based on the average cost of similar products at various retailers, as the toys donated are new or barely used.

Property and equipment

Property and equipment are carried at cost or, if donated, at the estimated fair values of the assets at the time of donation. Acquisitions of property and equipment with a useful life greater than one year and a cost of $2,500 or more are capitalized. Depreciation is calculated using the straight-line method over the estimated useful life of the asset, ranging from 5 to 39 years. 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, 2025 and 2024.

Revenue recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions receivable or grants receivable are considered conditional when a measurable barrier and right of return or release exists. The contributions receivable become unconditional and are recognized as revenue when the barriers upon which they depend are overcome. When the satisfaction of a barrier is accomplished in the same period that the contribution is made, conditional contributions are recorded as unconditional.

The ticket sales and sponsorships, included in special event revenue, are partially for an exchange in goods or services and partially a contribution to Circle. The contribution is recognized in accordance with ASC 958 while the reciprocal piece is recognized under ASC 606 over the course of the event. The reciprocal piece of these transactions is not significant to the financial statements as of December 31, 2025 and 2024.

2. 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. Significant food products, household items, services, and materials are donated to the Organization by various individuals, organizations, and governments. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Circle reports donated goods received, if their value is readily ascertainable, at the fair market value on the date of donation as food contributions or non-food contributions, without donor restrictions, on the statements of activities. When donated goods are distributed to members of the community, Circle records these as expenses on the statements of functional expense as aid to individuals. The Organization did not monetize any donated goods and services and unless otherwise noted, donated goods and services did not have donor restrictions.

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 the Organization. There were no donated services recognized in the financial statements as of December 31, 2025 and 2024. Volunteer services expense represents costs incurred in supporting volunteer activities and does not represent contributed services recognized under ASC 958.

Functional allocation of expenses

The costs of providing the various programs and activities have been summarized on a functional and natural basis in the statements of functional expenses. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classifications. Certain categories of expenses are attributed to more than one program or supporting function; therefore, expenses require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated on a building usage/square footage basis include depreciation, insurance, repairs and maintenance, and utilities. Salaries, benefits, and payroll taxes are allocated on the basis of estimates of time and effort. Other expenses such as computer, telephone, and postage are allocated on the basis of estimates of time and usage.

Advertising

Circle follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $36,125 and $41,237 for the years ended December 31, 2025 and 2024, respectively, and is presented in the statements of functional expenses as public relations.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

Circle has addressed the provisions of FASB ASC 740, *Accounting for Income Taxes*. In that regard, Circle 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 June 22, 2026, 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.

Reclassifications

Certain 2024 figures have been reclassified, where appropriate, to conform to the financial statement presentation used in 2025.

3. LIQUIDITY AND AVAILABILITY

Financial assets, excluding assets with donor restrictions limiting their use, that are available for general expenditure within one year of the statements of financial position date, comprise the following:

	2025	2024
Cash and cash equivalents	$ 1,156,169	$ 973,594
Certificates of deposit	247,608	237,040
Investments, at fair value	4,668,993	4,118,038
	6,072,770	5,328,672
Less: Board designated endowment and operating reserve	(5,227,566)	(4,784,977)
Less: Net assets with donor restrictions	(18,451)	(5,263)
	$ 826,753	$ 538,432

The board-designated endowment, at December 31, 2025 and 2024 of $4,218,397 and $2,044,544, respectively, is subject to an annual spending distribution as approved each year by the Board of Directors. Although the Board does not intend to spend from this 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.

3. LIQUIDITY AND AVAILABILITY (continued)

As part of the liquidity management plan, Circle maintains cash and cash equivalents equal to six months of average operating costs as a minimum operating reserve. The Board designated operating reserve was $1,009,169 and $2,740,433 for the years ended December 31, 2025 and 2024, respectively. These amounts could be made available by approval from the Board, if necessary.

4. DONATED AND PURCHASED GOODS ON HAND

The components of donated and purchased goods on hand at December 31 are as follows:

	2025	2024
Gift cards	$ 37,377	$ 62,557
Food	149,162	143,392
Toys	98,437	101,564
	$ 284,976	$ 307,513

Gift cards donated to the Organization are allocated across all programs and may also be used to support administrative operations essential to the organization's mission.

5. FAIR VALUE MEASUREMENTS AND INVESTMENTS

FASB ASC 820 *"Fair Value Measurements and Disclosures"* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- *Level 1* - Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date and easily accessible.
- *Level 2* - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- *Level 3* - Unobservable inputs for the asset or liability.

There have been no changes in the methodologies used at December 31, 2025 compared to previous years.

5. FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. Management assesses and approves these policies and procedures. At least annually, management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

Circle recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. There were no transfers between levels for the years ended December 31, 2025 and 2024.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by Circle are open-end funds that are registered with the Securities Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by Circle are deemed to be actively traded.

Certificates of deposit: Valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

5. FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)

The fair values of investments were determined using inputs, as described above, at December 31, 2025 as follows:

	Level 1	Level 2	Level 3	Fair Value
Mutual funds	$ 2,515,552	$ -	$ -	$ 2,515,552
Certificates of deposit	-	1,963,776	-	1,963,776
	$ 2,515,552	$ 1,963,776	$ -	4,479,328
Money markets and cash equivalents				189,665
				$ 4,668,993

The fair values of investments were determined using inputs, as described above, at December 31, 2024 as follows:

	Level 1	Level 2	Level 3	Fair Value
Mutual funds	$ 2,030,862	$ -	$ -	$ 2,030,862
Certificates of deposit	-	2,073,494	-	2,073,494
	$ 2,030,862	$ 2,073,494	$ -	4,104,356
Money markets and cash equivalents				13,682
				$ 4,118,038

Certificates of deposit totaling $1,963,776 and $2,073,494 for the years ended December 31, 2025 and 2024, respectively, are included in the statements of financial position. For the year ending December 31, 2025, the certificates of deposit bore interest ranging from 0.95% to 2.94% and have remaining maturities ranging from two to fifteen months, with penalties for early withdrawal. For the year ended December 31, 2024, the certificates of deposit beared interest ranging from 3.70% to 4.20% and had remaining maturities ranging from four to ten months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

6. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31 are as follows:

	2025	2024
Building and improvements	$ 1,659,343	$ 1,659,343
Computers and equipment	132,345	119,478
Furniture and fixtures	33,091	33,091
Automobiles	84,884	84,884
Land	647,797	647,797
	2,557,460	2,544,593
Accumulated depreciation	(904,324)	(853,495)
	$ 1,653,136	$ 1,691,098

Depreciation expense was $54,561 and $50,542 for the years ended December 31, 2025 and 2024, respectively.

7. NET ASSETS WITHOUT DONOR RESTRICTIONS

The governing board has designated a portion of net assets without donor restrictions for an operating reserve and board designated endowment.

Board-designated operating reserve

In December 2018, Circle's Board of Directors designated an operating reserve. The policy set forth by the Board of Directors specifies that Circle's minimum reserve must be equal to four months of average operating costs including all recurring, predictable expenses. The operating reserve was approximately $1,009,000 and $2,740,000 for the years ended December 31, 2025 and 2024, respectively, and is included in cash and cash equivalents and investments on the statements of financial position.

Board-designated endowment

Circle's endowment includes only funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In the absence of donor restrictions, under the terms of Circle's governing documents, the Board of Directors, in its sole discretion, has the ability to distribute so much of the original principal of any trust, separate gift or fund as they shall determine necessary. Therefore, the endowment is classified as net assets without donor restrictions for financial statement purposes.

7. NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)

Board-designated endowment (continued)

The investment objective of Circle is to provide a return on investments that supports Circle both in the short-term for annual income and the long-term for maintenance and growth of the endowment's purchasing power. Achievement of the return will be sought from an investment strategy which provides an opportunity for optimal returns within acceptable levels of risk and volatility of returns. Circle has adopted a policy stating that distributions of income/gain from the fair value of the endowment fund to operating fund shall be recommended on an annual basis by the Finance Committee of the Board and approved by the Board. No distributions were taken from the endowment fund in 2025 and 2024.

Changes in board-designated endowment net assets were as follows:

	2025	2024
Balance, beginning of year	$ 2,044,544	$ 1,866,000
Contributions	1,945,140	18,184
Interest and dividends, net of fees	82,330	63,001
Unrealized/realized gains	146,383	97,359
Balance, end of year	$ 4,218,397	$ 2,044,544

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2025	2024
Subject for specified purpose:		
Birthday club toys	$ 14,451	$ 5,263
Food purchases	4,000	-
	$ 18,451	$ 5,263

Net assets with donor restrictions released for the following purposes or periods:

	2025	2024
Mental health assistance	$ -	$ 22,065
Birthday club toys	13,462	14,800
Food purchases	4,000	10,000
Financial assistance	-	10,000
	$ 17,462	$ 56,865

9. DONATED FOOD AND NON-FOOD ITEMS

The value for donated food and non-food items at December 31, 2025 and 2024 was $1,055,629 and $908,619, respectively. These amounts are included in the statements of activities as food and non-food contributions. Gift cards are not considered financial assets and are not included in these amounts. Gift cards are recognized in the various other contribution categories on the statements of activities (individuals, businesses, community groups and congregations, and other contributions). Donated food includes the following main categories: proteins, produce, dairy, bread, and beverages as well as a minimal amount of essential household and personal product. The food product was donated to the Organization by various individuals, organizations, and state governments.

Donated goods and services as of December 31:

	2025	2024
Contributions (receipts):		
In kind food contributions	$ 1,007,661	$ 871,102
Birthday club (toys)	21,651	19,954
In-kind rent expense	7,367	-
Other food and non-food contributions	18,950	17,563
	$ 1,055,629	$ 908,619
Expenses (distributions):		
General food donations	$ 957,817	$ 857,824
Birthday club and kids bags (toys)	33,035	23,656
Thanksgiving baskets and holiday program food donations	16,175	17,642
In-kind rent expense	7,367	-
	$ 1,014,394	$ 899,122

The contributions (receipts) above for donated goods and services do not agree to the expenses (distributions) above. This difference is due to the change in donated inventory for the current year, as there are donations received during the year that have not yet been distributed to the community. See detail of inventory at Note 4.

The donated food is recorded in the financial statements as food and non-food contributions at the estimated average fair value of one pound of donated food product at the national level of $1.94 and $1.93, for the years ended December 31, 2025 and 2024, respectively. These values were determined based on calendar year studies performed by Feeding America. Each of the annual studies involves a review of 31 product categories and wholesale prices using a national wholesaler's pricing catalogs. Other independent sources may also be used as necessary for items not included in the catalogs. The average value of one pound of donated product will vary from year-to-year based on the mix of product items donated. As part of the study, Feeding America analyzes and reviews the results to determine the accuracy and understand the key components of the valuation and the year-over-year changes.

9. DONATED FOOD AND NON-FOOD ITEMS (continued)

Donated toys, books, school supplies, and other similar gifts are counted within prescribed categories, which are assigned an average value of similar toys. The assigned average value of each category is an estimated fair value based on the average cost of similar products at various retailers from independent sources, as the toys donated are new or barely used. The average value of the goods will vary from year-to-year based on the mix of product items donated. These values range from approximately $8 for smaller toys to $60 for larger toys (included bicycles in current year average), as of December 31, 2025 and 2024.

10. EMPLOYEE BENEFITS

Circle has a SIMPLE IRA plan for its employees, matching 100% of participant contributions up to three percent. All Circle employees are eligible to participate in its defined contribution retirement plan. During the years ended December 31, 2025 and 2024, total matching contributions were $13,018 and $12,272, respectively.