

CIRCLE OF LOVE FOUNDATION, INC.

Audited Financial Statements
with
Independent Auditor's Report
For the Year Ended December 31, 2022

Circle of Love Foundation, Inc.
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July 6, 2023

To the Board of Directors
Circle of Love Foundation, Inc.
Rockford, Illinois

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of Circle of Love Foundation, Inc. (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2022, and the related Statements of Activities, Cash Flows, and Functional Expenses for the year 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 Love Foundation, Inc., 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.

Basis for Opinion

We conducted our audit 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 Circle of Love Foundation, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the 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 Circle of Love Foundation, Inc.'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 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 Circle of Love Foundation, Inc.'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 Circle of Love Foundation, Inc.'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.



Gordon J. Maier & Company, LLP
Certified Public Accountants

Circle of Love Fundation, Inc.
Statement of Financial Position
December 31, 2022

Assets

Current Assets

Cash	\$	88,739	
Accounts Receivable		125	
Total Current Assets			\$ 88,864

Property and Equipment (Note H)

Office Equipment	\$	9,434	
Less: Accumulated Depreciation		8,454	
Net Property and Equipment			980

Total Assets			\$ 89,844
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Net Assets

Net Assets

Without Donor Restrictions (Note A)	\$	89,844	
Net Assets			\$ 89,844

The Accompanying Notes are an integral part of these Financial Statements

Circle of Love Foundation, Inc.
Statement of Activities
Year Ended December 31, 2022

Revenues and Support

Public Support		
Contributions	\$	135,722
Pastoral and Missionary		253,547
Mission Trips		85,675
In-Kind Donations (Note I)		183,240
Fundraising and Other		42,447
Miscellaneous Income		5,740
Total Revenues and Support		<u>706,371</u>

Expenditures (Note D)

Program Services		
Grants	\$	142,952
Pastoral Support		183,940
Mission Trips		297,525
Support Services		
Management and General		21,565
Fundraising		13,674
Total Expenditures		<u>659,656</u>

Change in Net Assets without Donor Restrictions 46,715

Net Assets without Donor Restrictions—January 1, 2022 43,129

Net Assets without Donor Restrictions—December 31, 2022 \$ 89,844

The Accompanying Notes are an integral part of these Financial Statements

Circle of Love Foundation, Inc.
Statement of Cash Flows
Year Ended December 31, 2022

Cash Flows from Operating Activities

Change in Net Assets	\$	46,715
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense		692
(Increase)/Decrease in Accounts Receivable		(125)
Net Cash Provided by Operating Activities		\$ 47,282
 Net Increase in Cash		 47,282
 Cash—January 1, 2022		 41,457
 Cash— December 31, 2022		 \$ 88,739

The Accompanying Notes are an integral part of these Financial Statements

Circle of Love Foundation, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	<u>Program Services</u>			<u>Supporting Activities</u>		<u>Total</u>
	<u>Grants</u>	<u>Pastoral Support</u>	<u>Mission Trips</u>	<u>Management and General</u>	<u>Fundraising</u>	
Expenses						
Insurance	\$ -	\$ -	\$ 2,428	\$ -	\$ -	\$ 2,428
Depreciation Expense	-	-	554	35	103	692
Postage	-	-	1,880	118	352	2,350
Printing and Reproduction	-	-	4,456	278	834	5,569
Office Supplies and Expenses	-	-	8,413	526	1,578	10,517
Telephone	-	-	1,183	-	-	1,183
Pastoral Support	-	183,940	-	-	-	183,940
Professional Fees	-	-	-	12,991	-	12,991
Banquet Expenses	-	-	-	-	8,044	8,044
Grants Paid	142,952	-	-	-	-	142,952
Office and Field Staff Services	-	-	172,186	8,290	2,763	183,239
Travel Expenses	-	-	72,159	-	-	72,159
Medical Supplies and Equipment	-	-	14,175	-	-	14,175
Humanitarian Supplies	-	-	20,091	-	-	20,091
Miscellaneous Expenses	-	-	-	(673)	-	(673)
Total Functional Expenses	<u>\$ 142,952</u>	<u>\$ 183,940</u>	<u>\$ 297,525</u>	<u>\$ 21,565</u>	<u>\$ 13,674</u>	<u>\$ 659,657</u>

The Accompanying Notes are an integral part of these Financial Statements

Circle of Love Foundation, Inc.
Notes to Financial Statements
December 31, 2022

Note A. Summary of Significant Accounting Policies

Organization

Circle of Love Foundation, Inc. (the Foundation) is a nonprofit corporation organized in December 1995 under the laws of the state of Illinois. The Foundation seeks to build the kingdom of God by reaching out in the love of Christ to those who are in need. Offering free medical clinics in impoverished areas is the primary vehicle for ministry. At a free clinic, an individual has the opportunity to hear the Gospel and receive quality medical care, prescription medications, and a Bible in his/her language. The Foundation seeks to bring about lasting changes through other programs such as planting and building churches, orphanages, children's ministry, discipleship, micro-development, prison ministry, and disaster relief. Financial support of national pastors and missionary partners is a significant factor in helping the Foundation reach its ministry goals. The Foundation has been active in South Africa, Thailand, Vietnam, Botswana, Guatemala, Uganda, Sudan, India, and Sri Lanka. More information on the Foundation and its mission can be found at www.circleoflovefoundation.net.

Basis of Accounting

The financial statements of Circle of Love Foundation, Inc., have been prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenditures are recognized when the obligation is incurred and, accordingly, the statements reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the standards of FASB ASC 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets of the Foundation and changes therein are classified and reported as follows:

Without Donor Restrictions—Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions—Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation and/or the passage of time.

All contributions and grants are considered to be available for use without donor restriction unless specifically restricted by the donor or grantor. Contributions received that are restricted by the donor are considered net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Circle of Love Foundation, Inc., currently has no assets with donor restrictions.

This information is an integral part of these Financial Statements

Circle of Love Foundation, Inc.
Notes to Financial Statements
December 31, 2022

Note A. Summary of Significant Accounting Policies (continued)

Revenue and Support without Donor Restriction and with Donor Restriction

Contributions received are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and investments that have original maturities of less than three months. The Foundation's cash balance includes cash held in checking and savings accounts.

Use of Estimates

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

Income Taxes

Circle of Love Foundation, Inc., was formed under Illinois statutes as an Illinois nonprofit corporation, without stock, and is exempt from Illinois income tax and federal income tax, except for tax on unrelated business income, under Section 501(c)(3) of the Internal Revenue Code, and is not a private foundation. No provision or benefit for income taxes has been included in these financial statements. The Foundation had no unrelated business income for the year ended December 31, 2022.

As of December 31, 2022, management believes all tax-related expenses and benefits have been recognized. As of December 31, 2022, the Foundation has no accrued interest or penalties associated with uncertain tax positions.

The Foundation's Forms 990, *Return of Organization Exempt from Income Taxes*, for the years ending December 31, 2019, 2020, and 2021, are subject to examination by the Internal Revenue Service, generally for three years after they were filed. None of the Foundation's federal or state returns are currently under examination.

This information is an integral part of these Financial Statements

Circle of Love Foundation, Inc.
Notes to Financial Statements
December 31, 2022

Note B. Concentration of Risk

Cash

Cash consists of readily available funds. The Foundation maintains its cash accounts at one bank in Effingham, Illinois. Interest-bearing accounts in the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2022, the Foundation had \$51,393 on deposit, all of which was insured by the FDIC.

Revenue

Substantially all of the Foundation's revenue consists of contributions from private individuals and companies. A loss of this revenue would prevent the Foundation's continued existence. No single donor contributed more than 10% of total cash donations for the year ended December 31, 2022.

Note C. Functional Expenses

Approximately 95% of expenses relate to program activity and 5% to supporting activities.

Note D. Expense Allocation

The costs of providing programs and other activities have been summarized on a functional basis in the financial statements. Expenses that can be identified with a specific function are allocated directly according to their natural expense classification. Other expenses that are common to several functions are assigned by management's use of estimates.

Note E. Nature of Activities

The following is a description of the Foundation's programs:

Mission Trips-The Foundation offers free medical clinics in impoverished areas at which an individual has the opportunity to hear the Gospel and receive quality medical care, prescription medications, and a Bible in his/her language.

Pastoral Support—The Foundation provides financial support to national pastors and missionary partners to help reach its ministry goals.

Grants—The Foundation seeks to bring about lasting changes through other programs such as planting and building churches, orphanages, children's and prison ministry, and disaster relief.

Note F. Subsequent Events

Subsequent events have been evaluated through July 6, 2023, which is the date the financial statements were available to be issued.

This information is an integral part of these Financial Statements

Circle of Love Foundation, Inc.
Notes to Financial Statements
December 31, 2022

Note G. Liquidity and Availability of Resources

The Foundation had \$88,864 of financial assets on December 31, 2022, which will be available to meet the general expenditures within one year of the Statement of Financial Position date, and these financial assets consisted of cash of deposits.

Note H. Property and Equipment

Property and equipment purchased are stated at cost, while donated items are capitalized at fair value at the date of the donation. All acquisitions of property and equipment for repairs, maintenance, renewals, and betterments that materially improve or prolong the useful lives of assets are capitalized. The Foundation follows the practice of capitalizing property and equipment with a cost, or fair value if donated, of \$500 or more.

Property and Equipment consists of the following as of December 31, 2022:

Office Equipment	\$ 8,879
Medical Equipment	555
	<hr/> 9,434
Accumulated Depreciation	8,454
Net Property and Equipment	<hr/> <u>\$ 980</u>

Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, which range between five and seven years.

Note I. Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, *Not-for-Profit Entities*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Many individuals volunteer their time and perform a variety of tasks that assist the Foundation that are not recognized in the financial statements since they did not meet the criteria for recognition under FASB ASC 958, *Not-for-Profit Entities*.

An amount of \$183,240 is reflected in the financial statements for the year ended December 31, 2022. The contributed services consist mainly of office and field staff services, including doctors, nurses, and various trades such as electrical and plumbing.

Donated materials and supplies are recorded at their estimated fair value on the date of donation. The Foundation did not receive any donations of materials and supplies during the year ended December 31, 2022.

This information is an integral part of these Financial Statements

Circle of Love Foundation, Inc.
Notes to Financial Statements
December 31, 2022

Note J. Investments

Circle of Love Foundation, Inc., periodically receives donations of corporate stock or mutual funds. All securities received are subsequently sold. No donations of corporate stock, mutual funds, or other securities were received during the year ended December 31, 2022.

This information is an integral part of these Financial Statements