

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

FAIRCHILD MADDOX + LEONIDAS, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Intercongregation Communities Association, Inc.,

We have audited the accompanying financial statements of **Intercongregation Communities Association, Inc.** (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 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 financial statements are free from 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 entity'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 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 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 **Intercongregation Communities Association, Inc.** as of September 30, 2017 and changes in 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

We have previously audited Intercongregation Communities Association, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 19, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fairchild Maddox + Leonidas, Ltd.

Certified Public Accountants
Minneapolis, Minnesota
November 21, 2017

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INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

(WITH COMPARATIVE TOTALS FOR 2016)

	September 30,	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 406,368	\$ 224,856
Cash - restricted	21,763	40,772
Certificates of deposit	91,048	90,206
Accounts receivable	-	13,369
Pledges receivable, net of reserves	87,960	9,830
Contributions receivable	35,625	37,499
Inventory	141,908	241,668
Prepaid expenses	11,932	13,835
Total Current Assets	796,604	672,035
Fixed Assets		
Leasehold improvements and equipment	1,489,188	1,489,188
Less accumulated depreciation	(804,026)	(662,189)
Net Fixed Assets	685,162	826,999
Other Assets		
Pledges receivable, net of reserves	146,349	-
Security deposit	6,000	6,000
Total Other Assets	152,349	6,000
TOTAL ASSETS	\$ 1,634,115	\$ 1,505,034

	September 30,	
	<u>2017</u>	<u>2016</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 8,046	\$ 8,760
Accrued wages and benefits	34,151	28,430
Deferred revenue	23,155	3,835
Restricted cash payable	1,742	1,115
Collaborative arrangements payable	<u>20,021</u>	<u>39,657</u>
Total Current Liabilities	<u>87,115</u>	<u>81,797</u>
Net Assets		
Unrestricted	1,271,914	1,367,166
Temporarily restricted		
Grant restricted	40,777	56,071
Donor restricted	<u>234,309</u>	<u>-</u>
Total Net Assets	<u>1,547,000</u>	<u>1,423,237</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,634,115</u></u>	<u><u>\$ 1,505,034</u></u>

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

(WITH COMPARATIVE TOTALS FOR 2016)

	Unrestricted	Temporarily Restricted	For the year ended September 30,	
			2017 Total	2016 Total
SUPPORT AND REVENUE				
Support				
Contributions	\$ 705,372	\$ 253,979	\$ 959,351	\$ 724,881
Government support	52,436	4,968	57,404	53,220
Foundations/corporate support	346,546	101,781	448,327	326,101
In-kind contributions - food	3,004,805	-	3,004,805	3,224,069
In-kind contributions - other	97,200	-	97,200	97,350
Total Support	<u>4,206,359</u>	<u>360,728</u>	<u>4,567,087</u>	<u>4,425,621</u>
Revenue				
Special event, net of expenses of \$19,614	123,367	-	123,367	102,969
Interest and dividend income	1,454	-	1,454	1,169
Miscellaneous income	7,359	-	7,359	9,000
Blake Road Corridor Collaborative	56,186	-	56,186	94,905
Minnesota Hunger Initiative	-	-	-	100,420
Net assets released from restrictions	141,713	(141,713)	-	-
Total Revenue	<u>330,079</u>	<u>(141,713)</u>	<u>188,366</u>	<u>308,463</u>
TOTAL SUPPORT AND REVENUE	<u>4,536,438</u>	<u>219,015</u>	<u>4,755,453</u>	<u>4,734,084</u>
EXPENSES				
Program Expenses				
Emergency assistance	4,141,808	-	4,141,808	4,354,265
Blake Road Corridor Collaborative	56,186	-	56,186	94,905
Minnesota Hunger Initiative	-	-	-	100,420
Total Program Expenses	<u>4,197,994</u>	<u>-</u>	<u>4,197,994</u>	<u>4,549,590</u>
Management and general	91,968	-	91,968	168,635
Fundraising and development	341,728	-	341,728	289,554
TOTAL EXPENSES	<u>4,631,690</u>	<u>-</u>	<u>4,631,690</u>	<u>5,007,779</u>
CHANGE IN NET ASSETS	(95,252)	219,015	123,763	(273,695)
Net assets, beginning of year	<u>1,367,166</u>	<u>56,071</u>	<u>1,423,237</u>	<u>1,696,932</u>
NET ASSETS, END OF YEAR	<u>\$ 1,271,914</u>	<u>\$ 275,086</u>	<u>\$ 1,547,000</u>	<u>\$ 1,423,237</u>

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
(WITH COMPARATIVE TOTALS FOR 2016)

	Program Services			Total Program Services	Management and General		Fundraising	Total	
	Emergency Assistance	BRCC	MnHI		General	Total			
Salaries	\$ 463,723	\$ 42,025	\$ -	\$ 505,748	\$ 48,820	\$ 181,461	\$ 736,029	\$ 764,426	
Payroll taxes	34,788	3,122	-	37,910	3,634	13,499	55,043	52,739	
Employee benefits	33,706	3,123	-	36,829	3,521	13,079	53,429	53,514	
Total salaries and benefits	532,217	48,270	-	580,487	55,975	208,039	844,501	870,679	
Professional fees	10,078	-	-	10,078	1,053	3,911	15,042	22,226	
Contracts	29,696	300	-	29,996	3,102	11,524	44,622	157,291	
Supplies	1,836	6,174	-	8,010	192	713	8,915	35,825	
Postage and shipping	2,440	17	-	2,457	255	947	3,659	3,295	
Printing and publications	958	-	-	958	100	372	1,430	1,325	
Insurance	11,210	-	-	11,210	1,171	4,350	16,731	28,354	
Rent	121,212	1,000	-	122,212	12,664	47,038	181,914	179,668	
Utilities	20,873	-	-	20,873	2,181	8,099	31,153	25,401	
Other	2,160	-	-	2,160	226	838	3,224	6,354	
Telephone	4,140	-	-	4,140	433	1,606	6,179	4,889	
Emergency assistance	104,982	-	-	104,982	-	-	104,982	98,736	
Food purchased	55,540	-	-	55,540	-	-	55,540	84,424	
In-kind food donations	3,104,564	-	-	3,104,564	-	-	3,104,564	3,314,701	
Repairs and maintenance	8,035	-	-	8,035	839	3,118	11,992	17,913	
Uncollectible reserves	31,470	-	-	31,470	3,288	12,212	46,970	-	
Depreciation	95,031	-	-	95,031	9,928	36,878	141,837	144,945	
Advertising and marketing	3,807	264	-	4,071	398	1,478	5,947	9,132	
Miscellaneous	1,559	161	-	1,720	163	605	2,488	2,621	
TOTAL EXPENSES	\$ 4,141,808	\$ 56,186	\$ -	\$ 4,197,994	\$ 91,968	\$ 341,728	\$ 4,631,690	\$ 5,007,779	

For the year ended September 30,
2017

2016

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

(WITH COMPARATIVE TOTALS FOR 2016)

	<u>For the year ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 123,763	\$ (273,695)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	141,837	144,945
Uncollectible reserves	46,970	-
Interest reinvested	(842)	(836)
(Increase) decrease in:		
Receivables	(256,206)	(23,482)
Inventory	99,760	90,632
Prepaid expenses	1,903	3,361
Increase (decrease) in:		
Accounts payable	(714)	(12,587)
Accrued wages and benefits	5,721	9,451
Deferred revenue	19,320	(2,480)
	<u>181,512</u>	<u>(64,691)</u>
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
	<u>181,512</u>	<u>(64,691)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	181,512	(64,691)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>224,856</u>	<u>289,547</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 406,368</u>	<u>\$ 224,856</u>

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Intercongregation Communities Association, Inc. (ICA) is a nonprofit community-based human services organization providing assistance programs in the Minnesota communities of Minnetonka, Hopkins, Excelsior, Deephaven, Shorewood, Greenwood and Woodland. ICA was formed December 15, 1971. ICA's work is supported by contributions from individuals, congregations, businesses, foundations and government grants.

Emergency Assistance – Community members, businesses, and thirty-six member congregations support ICA's mission "to offer hope as we provide assistance to our neighbors in need". The services primarily consist of the food shelf, plus assistance for rent, mortgages, utility bills, and referrals to other agencies. Program services are intended to help families and individuals through a particularly challenging time.

Blake Road Corridor Collaborative (BRCC) – BRCC is a partnership of governmental and community organizations working to address community concerns in the Blake Road area of Hopkins, Minnesota. This group works together to raise funds which go toward community engagement activities with this diverse, low-income area. ICA oversees the partnership and maintains its financial records.

Minnesota Hunger Initiative (MnHI) – MnHI is a collaboration of 15 Twin Cities organizations including advocacy organizations, a state agency, meal programs and food shelf organizations. MnHI's mission is to increase the effectiveness of the hunger relief system in the Twin Cities, support grassroots organizations, and foster a commitment to collaboration. ICA maintains its financial records. During the 2016 fiscal year, ICA transferred their responsibilities with MnHI to another non-profit.

Financial Statement Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting. ICA reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of ICA. Board-designated net assets represent amounts ICA has set aside for a specific purpose.

Temporarily restricted net assets

Temporarily restricted net assets consist of donor-restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue, when received, and such unexpended amounts are reported as temporarily restricted net assets at year-end. When the donor restriction expires; that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Permanently restricted net assets

Permanently restricted net assets consist of donor-restricted contributions, which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations. ICA had no permanently restricted net assets for the years ended September 30, 2017 and 2016 respectively.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions, legacies and grants are recorded when pledged. Funds are considered to be available for unrestricted funds unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets or permanently restricted net assets in the fiscal year in which the contributions are recognized. When restrictions expire; that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets.

Funding commitments from the Greater Twin Cities United Way are recorded in the year the United Way board approves the funding.

Conditional contributions are recognized when the conditions on which they depend are substantially met; that is, when the conditional contribution becomes unconditional.

In-Kind Donations

Donated services are recorded as contributions at their estimated fair value only if the services create or enhance a nonfinancial asset or if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

ICA regularly receives donated services by many volunteers. However, no amounts have been recognized for these services because they do not meet the criteria described above.

Donated food, materials and facilities are recorded at fair value when received.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The primary estimates used in preparation of the financial statements are the valuation of contributed food and facility usage, allocation of functional expenses, and the useful lives of leasehold improvements and equipment.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents are considered to have a maturity of three months or less. Cash and cash equivalents for purposes of the statements of cash flows exclude fiscal agency and collaborative arrangement cash and cash held for long-term purposes.

Investments - Investments in money market mutual funds are recorded at their fair market values. ICA maintains all money market funds in fixed interest accounts and certificates of deposit.

Credit Risk - ICA maintains cash and temporary cash investments in banks and credit unions. Although at times the amount on deposit in these accounts may exceed the insured limits, ICA has never experienced any losses.

Accounts Receivable

Accounts receivable are stated at the amount ICA expects to collect from outstanding balances. Accordingly, no allowance for doubtful accounts is considered necessary.

Inventory

Inventory consists of donated food, purchased food, and non-food items. Food is recorded at the estimated fair value of \$1.70 per pound for the years ended September 30, 2017 and 2016, respectively.

Leasehold Improvements and Equipment

Property and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, ICA reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. ICA reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The leasehold improvements, vehicle, and equipment are being depreciated using the straight-line method over the useful lives of the assets. Expenditures for maintenance and repairs are charged to operations as incurred; expenditures for betterments and major property renewals are capitalized, at cost, in the property accounts.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiscal Agency Payable

Funds managed as an agent for other entities are excluded from revenues, expenses and net assets since ICA merely acts as custodial agent of these funds and has no discretion in determining how these funds are used. Such amounts are recorded as restricted cash and liabilities until expended. Administrative fees received but not yet earned are recorded as deferred revenue.

Collaborative Arrangement

Funds received for collaborative arrangements are recorded as revenue when expended. Such amounts are recorded as restricted cash and liabilities until expended because they are refundable to participants until that time.

Management Arrangement

Empty Bowls is an annual event a local school district holds for two entities. ICA co-manages this event and is also one of the beneficiaries. Empty Bowls donated to ICA \$37,832 and \$38,327 for the years ended September 30, 2017 and 2016, respectively. ICA holds restricted cash for the event in the amount of \$1,743 as of September 30, 2017.

Functional Allocation of Expenses

The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated among program and supporting services based on estimates made by ICA's management.

Income Taxes

ICA is a tax-exempt Minnesota corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As such, ICA is not taxed on income derived from its exempt functions.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 2. PROMISES TO GIVE

The Organization conducted a pledge drive during the year to be used for future operations. The pledges are payable over a one to three year period. The total amount expected to receive is recorded at the net present value of the expected future cash flows discounted at the average rate at 1.67%.

	<u>2017</u>	<u>2016</u>
Current pledge receivables	\$ 97,733	\$ 9,830
Less uncollectible pledge reserves	<u>(9,773)</u>	<u>-</u>
Net pledge receivable	\$ 87,960	\$ 9,830
Long term pledge receivables	\$ 185,983	-
Less uncollectible pledge reserves	(37,197)	-
Less unamortized discount	<u>(2,437)</u>	<u>-</u>
	\$ 146,349	\$ -
 Net total pledges receivable	 <u>\$ 234,309</u>	 <u>\$ 9,830</u>

Management evaluated the collectability of pledges receivable based upon correspondence with donors, expectations, no historical data was available. Management estimated that 10% of the current pledges receivable would be uncollectible and an estimate of 20% of the long term pledges receivable would be uncollectible.

NOTE 3. INVENTORY

Inventory consists of the following as of September 30:

	<u>2017</u>	<u>2016</u>
Food items	\$133,923	\$234,540
Nonfood items	<u>7,985</u>	<u>7,128</u>
 Total inventory	 <u>\$ 141,908</u>	 <u>\$ 241,668</u>

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 4. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment consist of the following as of September 30:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ 1,269,561	\$ 1,269,561
Vehicle	67,681	67,681
Equipment	<u>151,946</u>	<u>151,946</u>
	\$ 1,489,188	\$ 1,489,188
Less accumulated depreciation	<u>(804,026)</u>	<u>(662,189)</u>
Total leasehold improvements and equipment	<u>\$ 685,162</u>	<u>\$ 826,999</u>

Depreciation expense of \$141,837 and \$144,945 was recorded for the years ended September 30, 2017 and 2016, respectively.

NOTE 5. FISCAL AGENCY PAYABLE

During 2017, the fiscal agency agreement was terminated with 10,000 Lakes.

ICA entered into a fiscal agency agreement for the 10,000 Lakes Concours d'Elegance held during June. This event features historic, prestigious automobiles of the 20th Century on a show field, as well as food tents serving food, wine and beer; live music and more. ICA maintains the checkbook for the event, prepares financial reports and receives a contribution based on ticket sales.

10,000 Lakes donated \$0 and \$4,242 to ICA for the years ended September 30, 2017 and 2016, respectively. ICA holds restricted cash for the event in the amount of \$0 and \$1,115 as of September 30, 2017 and 2016, respectively.

NOTE 6. COLLABORATIVE ARRANGEMENTS

ICA received \$0 in 2017 and \$94,905 in 2016, respectively for the MnHI collaborative. ICA held \$0 and \$0 at September 30, 2017 and 2016, respectively.

ICA received \$56,186 in 2017 and \$100,420 in 2016, respectively for the BRCC collaborative. ICA held \$20,021 and \$39,657 at September 30, 2017 and 2016, respectively.

ICA earned administration fees of \$1,000 and \$9,000 in 2017 and 2016, respectively.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods as of September 30:

	<u>2017</u>	<u>2016</u>
School program	\$ -	\$ 9,000
Seniors	-	25,416
Food/Food rescue program	10,000	21,655
Housing	12,444	-
Snacks and weekend food	18,333	-
Donor pledges	<u>234,309</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$275,086</u>	<u>\$ 56,071</u>

NOTE 8. CONTINGENCY

Financial awards from governmental entities are often subject to governmental audit. Such audits could result in claims against ICA for disallowed costs or noncompliance with grantor restrictions. If, as a result of such an audit, expenditures are determined to be unallowable, any disallowance will be recorded at the time the demand for a refund is made.

NOTE 9. CONCENTRATIONS OF RISK

ICA provides the majority of food to those in our seven communities within the Twin Cities area. The food donated is provided from businesses and individuals, substantially all of whom are residents of the seven communities.

NOTE 10. LEASED FACILITIES

On March 1, 2007, ICA entered into a 20-year lease agreement with the Episcopal Parish of Saint David in Minnetonka (St. David) to lease a building for use as a food shelf distribution center and office space. Currently, ICA primarily uses the building for its offices. St. David constructed the shell of the building and the agreement required ICA to provide the infrastructure. ICA capitalized the cost of the infrastructure as leasehold improvements and is depreciating the improvements over the remaining term of the lease. Lease payments are \$1 per year.

ICA entered into a six-year lease for space to use as a food shelf distribution center in Minnetonka. The lease term expires April 30, 2020. In August 2017, ICA exercised a three year option to extend its lease to April 30, 2023. Monthly lease payments are \$3,278, increasing annually. ICA is also required to make monthly payments of 24.8% of the operating costs of the building as defined by the lease.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 10. LEASED FACILITIES (Continued)

Rent expense was as follows as of September 30:

	<u>2017</u>	<u>2016</u>
In-kind rent	\$ 96,000	\$ 96,000
Cash rent - program and office space	<u>85,914</u>	<u>83,668</u>
Total rent expense	<u>\$ 181,914</u>	<u>\$ 179,668</u>

Future minimum lease payments required for the years ending September 30 are as follows:

	2018	\$ 46,031
	2019	47,376
	2020	48,781
	2021	50,241
	2022	51,109
Thereafter		<u>30,714</u>
Total future minimum lease payments		<u>\$ 274,252</u>

NOTE 11. LEASED COPIER

ICA leases one copier under a non-cancelable operating lease expiring in 2022.

The future minimum operating lease payments for the years ending September 30 are as follows:

	2018	\$ 2,484
	2019	\$ 2,484
	2020	\$ 2,484
	2021	\$ 2,484
	2022	<u>\$ 1,863</u>
Total future minimum lease payments		<u>\$ 11,799</u>

Rent expense for the copier leases was \$4,392 and \$7,730 for the years ended September 30, 2017 and 2016, respectively.

NOTE 12. RECLASSIFICATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 21, 2017, the date on which the financial statements were available for issue, and identified no significant events or transactions to disclose.