

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

FAIRCHILD MADDOX + LEONIDAS, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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CERTIFIED PUBLIC ACCOUNTANTS

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, 2019, 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, 2019 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** 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants
Minneapolis, Minnesota
November 22, 2019

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

(WITH COMPARATIVE TOTALS FOR 2018)

	September 30,	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 518,850	\$ 501,785
Cash - restricted	21,659	26,900
Certificates of deposit	92,986	91,904
Accounts receivable	225	7,200
Promises to give, net of reserves	77,139	83,278
Contributions receivable	37,500	23,751
Inventory	160,507	221,317
Prepaid expenses	9,063	17,151
Total Current Assets	917,929	973,286
Fixed Assets		
Leasehold improvements and equipment	1,571,921	1,564,646
Less accumulated depreciation	(1,088,591)	(948,805)
Net Fixed Assets	483,330	615,841
Other Assets		
Promises to give, net of reserves	62,209	92,965
Security deposit	6,000	6,000
Total Other Assets	68,209	98,965
TOTAL ASSETS	\$ 1,469,468	\$ 1,688,092

	September 30,	
	<u>2019</u>	<u>2018</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 2,643	\$ 10,859
Accrued wages and benefits	36,061	30,976
Deferred revenue	22,060	28,300
Restricted cash payable	2,006	3,199
Collaborative arrangement payable	19,653	23,701
	<u>82,423</u>	<u>97,035</u>
Total Current Liabilities		
Net Assets		
Without donor restrictions	\$ 1,237,197	\$ 1,390,064
With donor restrictions	149,848	200,993
	<u>1,387,045</u>	<u>1,591,057</u>
Total Net Assets		
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,469,468</u>	<u>\$ 1,688,092</u>

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

(WITH COMPARATIVE TOTALS FOR 2018)

	Without Donor Restrictions	With Donor Restrictions	For the year ended September 30,	
			2019	2018
			Total	Total
SUPPORT AND REVENUE				
Support				
Contributions	\$ 681,250	\$ 39,856	\$ 721,106	\$ 777,164
Government support	59,791	-	59,791	58,434
Foundations/corporate support	320,895	86,000	406,895	453,283
In-kind contributions - food	3,277,843	-	3,277,843	3,068,020
In-kind contributions - other	97,200	-	97,200	97,200
Total Support	<u>4,436,979</u>	<u>125,856</u>	<u>4,562,835</u>	<u>4,454,101</u>
Revenue				
Special event, net of expenses of \$16,789	154,829	-	154,829	105,220
Interest and dividend income	5,441	-	5,441	3,200
Miscellaneous income	1,740	-	1,740	4,546
Blake Road Corridor Collaborative	70,249	-	70,249	75,179
Net assets released from restrictions	177,001	(177,001)	-	-
Total Revenue	<u>409,260</u>	<u>(177,001)</u>	<u>232,259</u>	<u>188,145</u>
TOTAL SUPPORT AND REVENUE	<u>4,846,239</u>	<u>(51,145)</u>	<u>4,795,094</u>	<u>4,642,246</u>
EXPENSES				
Program Expenses				
Emergency assistance	4,489,138	-	4,489,138	4,033,008
Blake Road Corridor Collaborative	70,249	-	70,249	75,179
Total Program Expenses	<u>4,559,387</u>	<u>-</u>	<u>4,559,387</u>	<u>4,108,187</u>
Management and general	107,491	-	107,491	122,500
Fundraising and development	332,228	-	332,228	367,502
TOTAL EXPENSES	<u>4,999,106</u>	<u>-</u>	<u>4,999,106</u>	<u>4,598,189</u>
CHANGE IN NET ASSETS	<u>(152,867)</u>	<u>(51,145)</u>	<u>(204,012)</u>	<u>44,057</u>
Net assets, beginning of year	<u>1,390,064</u>	<u>200,993</u>	<u>1,591,057</u>	<u>1,547,000</u>
NET ASSETS, END OF YEAR	<u>\$ 1,237,197</u>	<u>\$ 149,848</u>	<u>\$ 1,387,045</u>	<u>\$ 1,591,057</u>

See independent auditor's report and accompanying notes.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
(WITH COMPARATIVE TOTALS FOR 2018)

	Program Services		Management and General	Fundraising	For the year ended September 30,	
	Emergency Assistance	BRCC			2019	2018
Salaries	\$ 482,601	\$ 56,536	\$ 65,874	\$ 208,081	\$ 813,092	\$ 780,621
Payroll taxes	35,977	4,541	5,059	15,178	60,755	58,515
Employee benefits	49,643	4,957	6,981	20,943	82,524	74,245
Total salaries and benefits	568,221	66,034	77,914	244,202	956,371	913,381
Professional fees	20,255	179	2,848	8,545	31,827	27,910
Contracts	43,086	-	6,059	18,177	67,322	68,781
Supplies	3,278	2,004	481	1,383	7,126	7,394
Postage and shipping	3,242	-	456	1,367	5,065	4,030
Printing and publications	90	-	12	38	140	3,019
Insurance	8,829	-	1,242	3,724	13,795	14,129
Rent	139,459	1,500	11,413	33,301	185,673	184,782
Utilities	19,379	-	2,725	8,176	30,280	31,740
Other	5,545	-	780	2,339	8,664	10,672
Emergency assistance	111,978	-	-	-	111,978	102,163
Food purchased	71,997	-	-	-	71,997	71,116
In-kind food donations	3,338,653	-	-	-	3,338,653	2,988,612
Repairs and maintenance	12,769	-	1,796	5,386	19,951	16,600
Depreciation	135,991	-	890	2,905	139,786	144,779
Advertising and marketing	6,366	532	895	2,685	10,478	6,843
Miscellaneous	-	-	-	-	-	2,238
TOTAL EXPENSES	\$ 4,489,138	\$ 70,249	\$ 107,491	\$ 332,228	\$ 4,999,106	\$ 4,598,189

See independent auditor's report and accompanying notes.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

(WITH COMPARATIVE TOTALS FOR 2018)

	For the year ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (204,012)	\$ 44,057
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	139,786	144,779
Uncollectible reserves	(17,756)	(13,817)
Interest reinvested	(1,082)	(856)
(Increase) decrease in:		
Promises to give and receivables	47,877	76,557
Inventory	60,810	(79,409)
Prepaid expenses	8,088	(5,219)
Increase (decrease) in:		
Accounts payable	(8,216)	2,813
Accrued wages and benefits	5,085	(3,175)
Deferred revenue	(6,240)	5,145
	24,340	170,875
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of CD	(55,669)	-
Redemption of CD	55,669	-
Purchase of fixed assets	(7,275)	(75,458)
	(7,275)	(75,458)
NET CASH FLOWS (USED) BY INVESTING ACTIVITIES		
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,065	95,417
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	501,785	406,368
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 518,850	\$ 501,785

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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, foundations, civic organizations 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.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-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 may be perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

Basis of Presentation (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue With and Without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Fair Value of Financial Instruments

Financial instruments consist primarily of cash, accounts receivable, prepaid expenses, fixed assets, accounts payable, and all accrued liabilities. These financial instruments are carried at cost, which approximates fair value.

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.

Promises to Give

We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using net present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

Promises to Give (Continued)

In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. We determine the reserves for uncollectible promises to give based on historical experience, an assessment of economic conditions and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At September 30, 2019 and 2018, the allowance was \$15,397 and \$33,153, respectively.

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, 2019 and 2018, respectively.

Leasehold Improvements and Equipment

Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	15-20 years
Vehicle	5-7 years
Furniture & equipment	5-7 years
Software	3 years

Additions and betterments more than \$1,000 are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

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.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

Management Arrangement

Empty Bowls is an annual event held by two entities. ICA co-manages this event and is also one of the beneficiaries. Empty Bowls donated to ICA \$30,625 and \$34,500 for the years ended September 30, 2019 and 2018, respectively. ICA holds restricted cash for the event in the amount of \$2,006 and \$3,199 for the years ended September 30, 2019 and 2018, respectively.

Statement of Functional Expenses

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation which are allocated based on use. Personnel costs, professional services, office expenses, information technology, insurance and others, are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization 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, the Organization is not taxed on income derived from its exempt functions.

The Organization may recognize the tax benefit from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service and the state of Minnesota. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows.

NOTE 2. CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit-Entities*. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization's financial statements:

- The temporarily restricted net asset class changed to *net assets with donor restrictions*.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements now include a new disclosure about liquidity and availability of resources (Note 6).
- The classification from unrestricted net assets to *net assets without donor restrictions* and temporarily restricted net assets to *net assets with donor restrictions* had no change in reported amounts.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE 3. 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%.

	2019	2018
Current promises to give	\$ 85,516	\$ 92,531
Less uncollectible reserves	<u>(8,377)</u>	<u>(9,253)</u>
Net current promises to give	<u>77,139</u>	<u>83,278</u>
Long-term promises to give	70,200	119,500
Less uncollectible reserves	(7,020)	(23,900)
Less unamortized discount	<u>(971)</u>	<u>(2,635)</u>
Net long-term promises to give	<u>62,209</u>	<u>92,965</u>
Total promises to give	<u>\$ 139,348</u>	<u>\$ 176,243</u>

Management evaluated the collectability of pledges receivable based upon correspondence with donors and management's expectations. Management estimated that as of September 30, 2019 and 2018, 10% of the pledges receivable would be uncollectible.

NOTE 4. INVENTORY

Inventory consists of the following as of September 30:

	2019	2018
Food items	\$ 158,618	\$ 218,400
Nonfood items	<u>1,889</u>	<u>2,917</u>
Total inventory	<u>\$ 160,507</u>	<u>\$ 221,317</u>

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE 5. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 1,269,561	\$ 1,269,561
Vehicle	134,129	134,129
Equipment	<u>168,231</u>	<u>160,956</u>
	1,571,921	1,564,646
Less accumulated depreciation	<u>(1,088,591)</u>	<u>(948,805)</u>
Total leasehold improvements and equipment	<u>\$ 483,330</u>	<u>\$ 615,841</u>

Depreciation expense of \$139,786 and \$144,779 was recorded for the years ended September 30, 2019 and 2018, respectively.

NOTE 6. LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts unavailable within one year for general expenditures because of internal and donor-imposed restrictions.

	<u>2019</u>
Financial assets at year-end	\$ 726,700
Less those unavailable for general expenditures within one year due to:	
Donor-restricted for purpose	<u>(10,500)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 716,200</u>

As part of the Organization's liquidity management, the board of directors receives financial liquidity data monthly. By policy, cash and cash equivalents, a subset of financial assets defined in Note 6, are maintained above a minimum level sufficient to fund operations for three months. In the event of an unanticipated liquidity need, the Organization manages its liquidity with a minimum of \$50,000 cash available at all times.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE 7. RESTRICTIONS/LIMITATIONS ON NET ASSETS

Net Assets with Donor Restrictions

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

Subject to expenditures for specified purpose:

	2019	2018
Food program	\$ 1,500	\$ 11,250
Snacks / weekend food	9,000	13,500
Donor pledges	139,348	176,243
	<u>\$ 149,848</u>	<u>\$ 200,993</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other event specified by the donors.

Satisfaction of purpose restrictions:

	2019	2018
Food program	\$ 41,750	\$ 26,250
Snacks / weekend food	20,500	13,444
Truck	-	50,000
Women housing	-	18,333
Homeless	17,000	-
Farmers market	1,000	-
Seniors	20,000	33,000
Donor pledges	76,751	131,583
	<u>\$ 177,001</u>	<u>\$ 272,610</u>

NOTE 8. COMMITMENT

The Organization entered into a 3-year commitment on November 1, 2018 for IT Services. The agreement requires a monthly fee of \$1,486.

NOTE 9. COLLABORATIVE ARRANGEMENT

ICA received \$70,249 in 2019 and \$75,179 in 2018 for the BRCC collaborative. ICA held \$19,653 and \$23,701 at September 30, 2019 and 2018, respectively.

ICA earned administration fees of \$1,500 and \$1,000 in 2019 and 2018, respectively.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE 10. 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 11. 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 12. 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 leases space to use as a food shelf distribution center in Minnetonka. The lease was amended in June, 2019 to extend the lease period until April, 2026. Monthly lease payments are \$4,095 increasing annually by 2%. ICA is also required to make monthly payments of 24.8% of the operating costs of the building as defined by the original lease.

Rent expense was as follows as of September 30:

	2019	2018
In-kind rent	\$ 96,000	\$ 96,000
Cash rent - program and office space	88,173	88,782
Total rent expense	<u>\$ 184,173</u>	<u>\$ 184,782</u>

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

2020	\$ 48,581
2021	49,551
2022	50,540
2023	51,551
2024	52,583
Thereafter	85,267
Total future minimum lease payments	<u>\$ 338,073</u>

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE 13. LEASED COPIER

ICA leases two copiers under a non-cancelable operating lease expiring in 2023.

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

2020	\$	3,852
2021		3,852
2022		3,231
2023		1,026
Total future minimum lease payments	\$	<u>11,961</u>

Rent expense for the copier leases was \$3,852 and \$2,598 for the years ended September 30, 2019 and 2018, respectively.

NOTE 14. RECLASSIFICATION

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

NOTE 15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 22, 2019, the date on which the financial statements were available for issue, and identified no significant events or transactions to disclose.