

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

FAIRCHILD MADDOX + LEONIDAS, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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PHONE (612) 767-6760
FAX (612) 767-6761
WEB www.fml-cpa.com

Suite 140
6640 Lyndale Avenue South
Minneapolis, MN 55423

Fairchild
Maddox
+
Leonidas

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, 2020, 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, 2020 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** 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants
Minneapolis, Minnesota
December 29, 2020

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

(WITH COMPARATIVE TOTALS FOR 2019)

	September 30,	
	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,474,801	\$ 518,850
Cash - restricted	128,861	-
Cash - restricted third parties	30,556	21,659
Certificates of deposit	95,009	92,986
Accounts receivable	11,556	225
Promises to give, net of reserves	64,374	77,139
Grants receivable	106,865	37,500
Inventory	210,620	160,507
Prepaid expenses	17,258	9,063
	<u>2,139,900</u>	<u>917,929</u>
Total Current Assets		
Fixed Assets		
Leasehold improvements and equipment	1,592,903	1,571,921
Less accumulated depreciation	<u>(1,195,783)</u>	<u>(1,088,591)</u>
	<u>397,120</u>	<u>483,330</u>
Net Fixed Assets		
Other Assets		
Promises to give, net of reserves	10,516	62,209
Security deposit	6,000	6,000
Total Other Assets	<u>16,516</u>	<u>68,209</u>
	<u>\$ 2,553,536</u>	<u>\$ 1,469,468</u>
TOTAL ASSETS		

	September 30,	
	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 5,407	\$ 2,643
Accrued wages and benefits	84,859	36,061
Deferred revenue	160,635	22,060
Refundable advance	185,800	-
Restricted cash payable	3,779	2,006
Collaborative arrangement payable	<u>26,777</u>	<u>19,653</u>
Total Current Liabilities	<u>467,257</u>	<u>82,423</u>
Net Assets		
Without donor restrictions	1,985,389	1,237,197
With donor restrictions	<u>100,890</u>	<u>149,848</u>
Total Net Assets	<u>2,086,279</u>	<u>1,387,045</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,553,536</u></u>	<u><u>\$ 1,469,468</u></u>

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

(WITH COMPARATIVE TOTALS FOR 2019)

	Without Donor Restrictions	With Donor Restrictions	For the year ended September 30,	
			2020 Total	2019 Total
SUPPORT AND REVENUE				
Support				
Contributions	\$ 1,619,324	-	\$ 1,619,324	\$ 721,106
Government support	90,469	162,989	253,458	59,791
Foundations/corporate support	278,289	83,000	361,289	406,895
In-kind contributions - food	2,309,193	-	2,309,193	3,277,843
In-kind contributions - other	97,200	-	97,200	97,200
Total Support	<u>4,394,475</u>	<u>245,989</u>	<u>4,640,464</u>	<u>4,562,835</u>
Revenue				
Special event, net of expenses of \$18,990	197,432	-	197,432	154,829
Interest and dividend income	4,352	-	4,352	5,441
Miscellaneous income	-	-	-	1,740
Blake Road Corridor Collaborative	84,165	-	84,165	70,249
Net assets released from restrictions	294,947	(294,947)	-	-
Total Revenue	<u>580,896</u>	<u>(294,947)</u>	<u>285,949</u>	<u>232,259</u>
TOTAL SUPPORT AND REVENUE	<u>4,975,371</u>	<u>(48,958)</u>	<u>4,926,413</u>	<u>4,795,094</u>
EXPENSES				
Program Expenses				
Emergency assistance	3,656,854	-	3,656,854	4,489,138
Blake Road Corridor Collaborative	84,165	-	84,165	70,249
Total Program Expenses	3,741,019	-	3,741,019	4,559,387
Management and general	112,877	-	112,877	107,491
Fundraising and development	373,283	-	373,283	332,228
TOTAL EXPENSES	<u>4,227,179</u>	<u>-</u>	<u>4,227,179</u>	<u>4,999,106</u>
CHANGE IN NET ASSETS	748,192	(48,958)	699,234	(204,012)
Net assets, beginning of year	<u>1,237,197</u>	<u>149,848</u>	<u>1,387,045</u>	<u>1,591,057</u>
NET ASSETS, END OF YEAR	<u>\$ 1,985,389</u>	<u>\$ 100,890</u>	<u>\$ 2,086,279</u>	<u>\$ 1,387,045</u>

See independent auditor's report and accompanying notes.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
(WITH COMPARATIVE TOTALS FOR 2019)

	Program Services		Total Program Services	Management and General		Fundraising	For the year ended September 30,	
	Emergency Assistance	BRCC		General	Total		2020	2019
Salaries	\$ 558,954	\$ 72,613	\$ 631,567	\$ 68,794	\$ 232,181	\$ 932,542	\$ 813,092	
Payroll taxes	40,588	4,692	45,280	4,995	16,860	67,135	60,755	
Employee benefits	53,405	5,165	58,570	6,573	22,184	87,327	82,524	
Total salaries and benefits	652,947	82,470	735,417	80,362	271,225	1,087,004	956,371	
Professional fees	28,944	264	29,208	3,562	12,023	44,793	31,827	
Contracts	45,416	1,000	46,416	5,590	18,865	70,871	67,322	
Supplies	7,209	379	7,588	887	2,994	11,469	7,126	
Postage and shipping	4,354	52	4,406	536	1,809	6,751	5,065	
Printing and publications	2,738	-	2,738	337	1,138	4,213	140	
Insurance	10,979	-	10,979	1,351	4,561	16,891	13,795	
Rent	141,611	-	141,611	11,100	33,300	186,011	185,673	
Utilities	20,686	-	20,686	2,546	8,593	31,825	30,280	
Other	5,444	-	5,444	670	2,261	8,375	8,664	
Emergency assistance	273,391	-	273,391	-	-	273,391	111,978	
Food purchased	68,147	-	68,147	-	-	68,147	71,997	
In-kind food donations	2,259,080	-	2,259,080	-	-	2,259,080	3,338,653	
Repairs and maintenance	9,575	-	9,575	1,178	3,978	14,731	19,951	
Depreciation	102,649	-	102,649	1,843	2,700	107,192	139,786	
Advertising and marketing	13,287	-	13,287	1,635	5,519	20,441	10,478	
Donation to BRCC	10,286	-	10,286	1,266	4,272	15,824	-	
Miscellaneous	111	-	111	14	45	170	-	
TOTAL EXPENSES	\$ 3,656,854	\$ 84,165	\$ 3,741,019	\$ 112,877	\$ 373,283	\$ 4,227,179	\$ 4,999,106	

See independent auditor's report and accompanying notes.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

(WITH COMPARATIVE TOTALS FOR 2019)

	For the year ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 699,234	\$ (204,012)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	107,192	139,786
Uncollectible reserves	(7,074)	(17,756)
Interest reinvested	(2,023)	(1,082)
(Increase) decrease in:		
Promises to give, grants and receivables	(9,164)	47,877
Inventory	(50,113)	60,810
Prepaid expenses	(8,195)	8,088
Increase (decrease) in:		
Accounts payable	2,764	(8,216)
Accrued wages and benefits	48,798	5,085
Deferred revenue	138,575	(6,240)
Refundable advance	185,800	-
	1,105,794	24,340
 NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of CD	-	(55,669)
Redemption of CD	-	55,669
Purchase of fixed assets	(20,982)	(7,275)
	(20,982)	(7,275)
 NET CASH FLOWS (USED) BY INVESTING ACTIVITIES		
 NET CHANGE IN CASH AND CASH EQUIVALENTS	1,084,812	17,065
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	518,850	501,785
 CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,603,662	\$ 518,850

See independent auditor's report and accompanying notes.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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, 2020

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, restricted 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 - The Organization has cash in financial institutions that is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. At various times and as of September 30, 2020 the Organization has cash balances that exceed the insured limits, but management believes that this concentration of cash involves a reasonable level of risk.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

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.

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 uncollectible. At September 30, 2020 and 2019, the allowance was \$8,323 and \$15,397, 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, 2020 and 2019, 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, 2020

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 \$26,500 and \$30,625 for the years ended September 30, 2020 and 2019, respectively. ICA holds restricted cash for the event in the amount of \$3,779 and \$2,006 for the years ended September 30, 2020 and 2019, 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.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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%.

Promises to Give

	<u>2020</u>	<u>2019</u>
Current Promises to give	\$ 71,527	\$ 85,516
Less uncollectible reserves	(7,153)	(8,377)
Net current promises to give	<u>64,374</u>	<u>77,139</u>
Long-term promises to give	11,700	70,200
Less uncollectible reserves	(1,170)	(7,020)
Less unamortized discount	(14)	(971)
Net long-term promises to give	<u>10,516</u>	<u>62,209</u>
Total promises to give	<u>\$ 74,890</u>	<u>\$ 139,348</u>

Management evaluated the collectability of pledges receivable based upon correspondence with donors and management's expectations. Management estimated that as of September 30, 2020 and 2019, 10% of the pledges receivable would be uncollectible.

NOTE 3. INVENTORY

Inventory consists of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Food items	\$ 208,291	\$ 158,618
Nonfood items	2,329	1,889
Total inventory	<u>\$ 210,620</u>	<u>\$ 160,507</u>

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 4. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 1,269,561	\$ 1,269,561
Vehicle	134,129	134,129
Equipment	189,213	168,231
	<u>1,592,903</u>	<u>1,571,921</u>
Less accumulated depreciation	<u>(1,195,783)</u>	<u>(1,088,591)</u>
Total leasehold improvements and equipment	<u>\$ 397,120</u>	<u>\$ 483,330</u>

Depreciation expense of \$107,192 and \$139,786 was recorded for the years ended September 30, 2020 and 2019, respectively.

NOTE 5. REFUNDABLE ADVANCE

On April 16, 2020, the Organization received a refundable advance in the amount of \$185,800 under the SBA Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying organizations/businesses for amounts up to 2.5 times the average monthly payroll expenses. The refundable advance and accrued interest are forgivable after meeting conditions and applying for forgiveness. The refundable advance matures April 16, 2022 and bears interest at the rate of 1% per annum.

The Organization has applied for forgiveness and believes that it used the loan proceeds to meet the conditions for forgiveness of the loan. As of September 30, 2020, the Organization had not been notified of any such forgiveness.

On November 3 2020, the Organization was notified by email from the third-party administrator that the refundable advance was forgiven in full. The loan forgiveness will be recognized as income for the year ended September 30, 2021.

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>2020</u>
Financial assets at year-end	\$ 1,752,605
Less those unavailable for general expenditures within one year due to:	
Donor-restricted for purpose	<u>(26,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,726,605</u>

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 6. LIQUIDITY (Continued)

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.

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:

	2020	2019
Food program	\$ 15,000	\$ 1,500
Snacks / weekend food	10,000	9,000
Culturally specific food	1,000	-
Donor pledges	74,890	139,348
	\$ 100,890	\$ 149,848

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:

	2020	2019
Food program	\$ 19,856	\$ 41,750
Snacks / weekend food	14,000	20,500
Food, technology and housing	10,000	-
Food and housing	2,500	-
Housing	162,133	-
School kids food	3,000	-
Social enterprise	4,000	-
Homeless	-	17,000
Farmers market	-	1,000
Seniors	15,000	20,000
Donor pledges	64,458	76,751
	\$ 294,947	\$ 177,001

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 \$84,165 in 2020 and \$70,249 in 2019 for the BRCC collaborative. ICA held \$26,777 and \$19,653 at September 30, 2020 and 2019, respectively.

ICA earned administration fees of \$0 and \$1,500 in 2020 and 2019, respectively.

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.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 12. LEASED FACILITIES (Continued)

Rent expense was as follows as of September 30:

	<u>2020</u>	<u>2019</u>
In-kind rent	\$ 96,000	\$ 96,000
Cash rent - program and office space	90,011	88,173
Total rent expense	<u>\$ 186,011</u>	<u>\$ 184,173</u>

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

2021	49,551
2022	50,540
2023	51,551
2024	52,583
2025	53,629
Thereafter	31,638
Total future minimum lease payments	<u>\$ 289,492</u>

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:

2021	3,852
2022	3,231
2023	1,026
Total future minimum lease payments	<u>\$ 8,109</u>

Rent expense for the copier leases was \$3,852 and \$3,852 for the years ended September 30, 2020 and 2019, respectively.

NOTE 14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 29, 2020, the date on which the financial statements were available for issue, and identified no significant events or transactions to disclose.