

**INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

FAIRCHILD MADDOX + LEONIDAS, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

# INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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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, 2021, 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, 2021 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** 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Correction of an Error

As discussed in Note 15 to the financial statements, certain errors resulting in the understatement of unrestricted net assets as of September 30, 2020. They were acknowledged by management during the current year. Accordingly, the amounts reported have been adjusted to correct the error. Our opinion is not modified with respect to that error.

*Faithful + Crider, LLP*

Certified Public Accountants  
Minneapolis, Minnesota  
January 18, 2022

**INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.**

STATEMENT OF FINANCIAL POSITION

( WITH COMPARATIVE TOTALS FOR 2020 )

	RESTATED	
	September 30,	
ASSETS	2021	2020
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,579,747	\$ 1,474,801
Cash - restricted	18,009	128,861
Cash - restricted third parties	11,518	30,556
Certificates of deposit	38,592	95,009
Investments	19,283	15,977
Accounts receivable	13,832	11,556
Promises to give, net of reserves	26,533	64,374
Grants receivable	238,664	106,865
Inventory	153,972	210,620
Prepaid expenses	14,954	17,258
Total Current Assets	<u>3,115,104</u>	<u>2,155,877</u>
<b>Fixed Assets</b>		
Leasehold improvements and equipment	1,606,632	1,592,903
Less accumulated depreciation	<u>(1,257,504)</u>	<u>(1,195,783)</u>
Net Fixed Assets	<u>349,128</u>	<u>397,120</u>
<b>Other Assets</b>		
Promises to give, net of reserves	1,000	10,516
Security deposit	6,000	6,000
Total Other Assets	<u>7,000</u>	<u>16,516</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,471,232</u>	<u>\$ 2,569,513</u>

	RESTATED	
	September 30,	
<b>LIABILITIES AND NET ASSETS</b>	<u>2021</u>	<u>2020</u>
Current Liabilities		
Accounts payable	\$ 17,618	\$ 5,407
Accrued wages and benefits	94,751	84,859
Deferred revenue	59,109	160,635
Paycheck protection loan	-	185,800
Restricted cash payable	3,000	3,779
Collaborative arrangement payable	8,518	26,777
	<u>182,996</u>	<u>467,257</u>
Total Current Liabilities		
Net Assets		
Without donor restrictions	\$ 3,135,336	\$ 2,001,366
With donor restrictions	152,900	100,890
	<u>3,288,236</u>	<u>2,102,256</u>
Total Net Assets		
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,471,232</u>	<u>\$ 2,569,513</u>

**INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

( WITH COMPARATIVE TOTALS FOR 2020 )

	Without Donor Restrictions	With Donor Restrictions	RESTATED	
			For the year ended September 30,	
			2021	2020
			Total	Total
<b>SUPPORT AND REVENUE</b>				
Support				
Contributions	\$ 1,871,184	8,337	\$ 1,879,521	\$ 1,635,301
Government support	219,894	1,562,602	1,782,496	253,458
Foundations/corporate support	280,600	140,810	421,410	361,289
In-kind contributions - food	1,648,232	-	1,648,232	2,309,193
In-kind contributions - other	97,200	-	97,200	97,200
Total Support	<u>4,117,110</u>	<u>1,711,749</u>	<u>5,828,859</u>	<u>4,656,441</u>
Revenue				
Special event, net of expenses of \$24,211	171,322	-	171,322	197,432
Interest and dividend income	2,484	-	2,484	4,352
Gain on investments	2,910	-	2,910	-
Blake Road Corridor Collaborative	65,800	-	65,800	84,165
Net assets released from restrictions	1,659,739	(1,659,739)	-	-
Total Revenue	<u>1,902,255</u>	<u>(1,659,739)</u>	<u>242,516</u>	<u>285,949</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>6,019,365</u>	<u>52,010</u>	<u>6,071,375</u>	<u>4,942,390</u>
<b>EXPENSES</b>				
Program Expenses				
Emergency assistance	4,338,571	-	4,338,571	3,603,176
Blake Road Corridor Collaborative	65,800	-	65,800	84,165
Total Program Expenses	<u>4,404,371</u>	<u>-</u>	<u>4,404,371</u>	<u>3,687,341</u>
Management and general	112,403	-	112,403	123,390
Fundraising and development	368,621	-	368,621	416,448
<b>TOTAL EXPENSES</b>	<u>4,885,395</u>	<u>-</u>	<u>4,885,395</u>	<u>4,227,179</u>
<b>CHANGE IN NET ASSETS</b>	<u>1,133,970</u>	<u>52,010</u>	<u>1,185,980</u>	<u>715,211</u>
Net assets, beginning of year	<u>2,001,366</u>	<u>100,890</u>	<u>2,102,256</u>	<u>1,387,045</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,135,336</u>	<u>\$ 152,900</u>	<u>\$ 3,288,236</u>	<u>\$ 2,102,256</u>

See independent auditor's report and accompanying notes.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
( WITH COMPARATIVE TOTALS FOR 2020 )

	Program Services		Management and General	Fundraising	RESTATEd	
	Emergency Assistance	BRCC			For the year ended September 30,	
					2021	2020
Salaries	\$ 558,208	\$ 51,055	\$ 66,652	\$ 208,287	\$ 884,202	\$ 932,542
Payroll taxes	41,128	4,839	4,911	15,346	66,224	67,135
Employee benefits	51,536	5,427	6,154	19,230	82,347	87,327
Total salaries and benefits	650,872	61,321	77,717	242,863	1,032,773	1,087,004
Professional fees	68,120	264	8,134	25,417	101,935	44,793
Contracts	46,129	-	5,508	17,212	68,849	70,871
Supplies	5,594	4,000	668	2,087	12,349	11,469
Postage and shipping	4,894	-	584	1,826	7,304	6,751
Printing and publications	1,253	28	150	467	1,898	4,213
Insurance	12,993	-	1,551	4,848	19,392	16,891
Rent	136,793	-	9,526	43,200	189,519	186,011
Utilities	17,633	-	2,105	6,580	26,318	31,825
Other	3,759	-	449	1,402	5,610	8,375
Emergency assistance	1,493,351	-	-	-	1,493,351	273,391
Food purchased	122,751	-	-	-	122,751	68,147
In-kind food donations	1,704,880	-	-	-	1,704,880	2,259,080
Repairs and maintenance	15,900	-	1,899	5,933	23,732	14,731
Depreciation	45,056	-	3,086	13,579	61,721	107,192
Advertising and marketing	8,283	-	989	3,091	12,363	20,441
Donation to BRCC	-	-	-	-	-	15,824
Miscellaneous	310	187	37	116	650	170
<b>TOTAL EXPENSES</b>	<b>\$ 4,338,571</b>	<b>\$ 65,800</b>	<b>\$ 112,403</b>	<b>\$ 388,621</b>	<b>\$ 4,885,395</b>	<b>\$ 4,227,179</b>



**INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.**

**STATEMENT OF CASH FLOWS**

( WITH COMPARATIVE TOTALS FOR 2020 )

	For the year ended 2021	RESTATED September 30, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,185,980	\$ 715,211
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	61,721	107,192
Refundable advance	(185,800)	-
Uncollectible reserves	8,337	(7,074)
Donated investments	-	(15,977)
Unrealized gains on investments	(2,909)	
Interest & dividend reinvested	(1,730)	(2,023)
(Increase) decrease in:		
Promises to give, grants and receivables	(95,055)	(9,164)
Investments		-
Inventory	56,648	(50,113)
Prepaid expenses	2,304	(8,195)
Increase (decrease) in:		
Accounts payable	12,211	2,764
Accrued wages and benefits	9,892	48,798
Deferred revenue	(101,526)	138,575
<b>NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	<b>950,073</b>	<b>919,994</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption of CD	57,750	-
Purchase of fixed assets	(13,729)	(20,982)
<b>NET CASH FLOWS (USED) BY INVESTING ACTIVITIES</b>	<b>44,021</b>	<b>(20,982)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from government loan	-	185,800
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>185,800</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>994,094</b>	<b>1,084,812</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,603,662</b>	<b>518,850</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,597,756</b>	<b>\$ 1,603,662</b>

See independent auditor's report and accompanying notes.

# INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

### 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, 2021

### 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.

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, 2021 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, 2021

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

#### **Investments**

Investments are stated at fair value. All gains, losses, and investment income are without donor restrictions.

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investment carried at fair value, less external and direct internal investment expenses.

#### **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, 2021 and 2020, the allowance was \$0 and \$8,323, 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, 2021 and 2020, respectively.

# INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

#### **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.

#### **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 \$37,332 and \$26,500 for the years ended September 30, 2021 and 2020, respectively. ICA holds restricted cash for the event in the amount of \$3,000 and \$3,779 for the years ended September 30, 2021 and 2020, 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.

# INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

#### Income Taxes (Continued)

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. INVESTMENTS

The Organization's investments are reported at their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

- Level 1 Quoted prices in active markets for identical assets and liabilities.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The Organization's investments are primarily in marketable equity securities and fixed income securities, Level 1. Total investments were \$19,283 and \$15,977 for the years ending September 30, 2021 and 2020, respectively.

# INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

### 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 0% and 1.67% for the years ended September 30, 2021 and September 30, 2020, respectively.

	2021	2020
Current Promises to give	\$ 26,533	\$ 71,527
Less uncollectible reserves	-	(7,153)
Net current promises to give	26,533	64,374
Long-term promises to give	1,000	11,700
Less uncollectible reserves	-	(1,170)
Less unamortized discount	-	(14)
Net long-term promises to give	1,000	10,516
Total promises to give	\$ 27,533	\$ 74,890

Management evaluated the collectability of pledges receivable based upon correspondence with donors and management's expectations. Management estimated that 0% and 10% of the pledges would be uncollectible as of September 30, 2021 and 2020, respectively.

### NOTE 4. INVENTORY

Inventory consists of the following as of September 30:

	2021	2020
Food items	\$ 152,602	\$ 208,291
Nonfood items	1,370	2,329
Total inventory	\$ 153,972	\$ 210,620

### NOTE 5. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

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

	2021	2020
Leasehold improvements	\$ 1,269,561	\$ 1,269,561
Vehicle	134,129	134,129
Equipment	202,942	189,213
	1,606,632	1,592,903
Less accumulated depreciation	(1,257,504)	(1,195,783)
Total leasehold improvements and equipment	\$ 349,128	\$ 397,120

Depreciation expense of \$61,721 and \$107,192 was recorded for the years ended September 30, 2021 and 2020, respectively.

# INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

### NOTE 6. 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 was recognized as income for the year ended September 30, 2021.

### 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:

	<u>2021</u>	<u>2020</u>
Food program	\$ 2,000	\$ 15,000
Snacks / weekend food	11,250	10,000
Culturally specific food	49,282	1,000
Healthier kids	53,435	-
MFS/Home deliveries	1,250	-
Van refrigeration	5,000	-
Employee care	3,150	-
Donor pledges	27,533	74,890
	<u>\$ 152,900</u>	<u>\$ 100,890</u>

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



# INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

### NOTE 7. RESTRICTIONS/LIMITATIONS ON NET ASSETS (Continued)

Satisfaction of purpose restrictions:

	2021	2020
Food program	\$ 27,644	\$ 19,856
Snacks / weekend food	18,750	14,000
Food, technology and housing	-	10,000
Food and housing	-	2,500
Housing	1,430,707	162,133
Admin	84,970	-
School kids food	-	3,000
Social enterprise	-	4,000
Culturally specific food	1,000	-
Healthier kids	11,875	-
MFS/Home deliveries	3,750	-
Employee care	7,350	-
Seniors	18,000	15,000
Donor pledges	55,694	64,458
	\$ 1,659,740	\$ 294,947

### NOTE 8. 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.

	2021
Financial assets at year-end	\$ 2,916,651
Less those unavailable for general expenditures within one year due to:	
Donor-restricted for purpose	(125,367)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,791,284

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 8, 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, 2021

### NOTE 9. 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 10. COLLABORATIVE ARRANGEMENT

ICA received \$65,800 in 2021 and \$84,165 in 2020 for the BRCC collaborative. ICA held \$8,518 and \$26,777 at September 30, 2021 and 2020, respectively.

### NOTE 11. 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 12. 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 13. 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:

	<u>2021</u>	<u>2020</u>
In-kind rent	\$ 96,000	\$ 96,000
Cash rent - program and office space	93,518	90,011
Total rent expense	<u>\$ 189,518</u>	<u>\$ 186,011</u>

# INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**NOTE 13. LEASED FACILITIES** (continued)

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

	2022	50,540
	2023	51,551
	2024	52,583
	2025	53,629
	2026	31,637
Total future minimum lease payments		<u>\$ 239,940</u>

**NOTE 14. LEASED COPIERS**

ICA leases two copiers under a non-cancelable operating lease expiring in 2023. During 2021, the Organization signed a 5-year agreement at \$409/month for 2 new copiers and that agreement will begin when the copiers are placed in service. The new agreement will cancel the current operating leases. As of September 30, 2021 the copiers are not in service.

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

	2022	3,231
	2023	1,026
Total future minimum lease payments		<u>\$ 4,257</u>

Rent expense for the copier leases was \$3,852 and \$3,852 for the years ended September 30, 2021 and 2020, respectively.

**NOTE 15. CORRECTION OF AN ERROR**

The accompanying financial statements for September 30, 2020 have been restated to correct an error. The error related to un-reporting a donated investment account.

The effects of the restatement on the Statement of Financial Position as of September 30, 2020 are as follows:

For the year ended September 30, 2020

	As previously reported	Adjustment	As restated
Investments	\$ -	\$ 15,977	\$ 15,977
Current assets	2,139,900	15,977	2,155,877
Total assets	2,553,536	15,977	2,569,513
Without donor restrictions	1,985,389	15,977	2,001,366
Total net assets	2,086,279	15,977	2,102,256
Total liabilities and net assets	2,553,536	15,977	2,569,513

# INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

### NOTE 15. CORRECTION OF AN ERROR (Continued)

The effects of the restatement on the Activities and Changes in Net Assets for the year ended September 30, 2020 are as follows:

For the year ended September 30, 2020

	As previously reported	Adjustment	As restated
Support			
Contributions	\$ 1,619,324	\$ 15,977	\$ 1,635,301
Total Support	4,640,464	15,977	4,656,441
Total support and revenue	4,926,413	15,977	4,942,390
Change in net assets - without donor restrictions	748,192	15,977	764,169
Change in net assets	699,234	15,977	715,211

The effects of the restatement on the Statement of Cash Flows for the year ended September 30, 2020 are as follows:

For the year ended September 30, 2020

	As previously reported	Adjustment	As restated
Change in net assets	\$ 699,234	\$ 15,977	\$ 715,211
Changes in operating assets and liabilities			
Investments	-	15,977	15,977

### NOTE 16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 18, 2022, the date on which the financial statements were available for issue, and identified no significant events or transactions to disclose.