

**INTERCONGREGATION COMMUNITIES
ASSOCIATION, INC.**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
SEPTEMBER 30, 2009**

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6



MAHONEY
ULBRICH
CHRISTIANSEN
RUSS P.A.
CERTIFIED PUBLIC ACCOUNTANTS

30 EAST PLATO BOULEVARD SAINT PAUL, MN 55107-1809
TELEPHONE 651.227.6695 FACSIMILE 651.227.9796

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of Intercongregation Communities Association, Inc. as of September 30, 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Intercongregation Communities Association, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior period summarized comparative information has been derived from Intercongregation Communities Association, Inc.'s September 30, 2008 financial statements and, in our report dated December 15, 2008, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Mahoney Ulbrich
Christiansen Russ P.A.*

Saint Paul, Minnesota
December 4, 2009

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2009

(With Comparative Totals for September 30, 2008)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 313,734	\$ 370,474
Certificates of deposit	256,933	-
Other receivable	6,916	3,000
Inventory - food	160,706	73,125
Prepaid expenses	-	4,055
Other assets	-	300
Leasehold improvements and equipment, net	<u>681,132</u>	<u>688,246</u>
Total assets	<u>\$ 1,419,421</u>	<u>\$ 1,139,200</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 8,039	\$ 5,641
Accrued payroll and related taxes	2,239	10,737
Deferred revenue	14,000	-
Fiscal agency payable	<u>29,476</u>	<u>-</u>
Total liabilities	<u>53,754</u>	<u>16,378</u>
Net assets:		
Unrestricted	1,363,667	1,122,822
Temporarily restricted	<u>2,000</u>	<u>-</u>
Total net assets	<u>1,365,667</u>	<u>1,122,822</u>
Total liabilities and net assets	<u>\$ 1,419,421</u>	<u>\$ 1,139,200</u>

See accompanying notes to financial statements.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended September 30, 2009
 (With Comparative Totals for the Nine Month Period Ended September 30, 2008)

	2009			2008 (9 months)
	Unrestricted	Temporarily restricted	Total (12 months)	
Revenues and support:				
Contributions	\$ 592,093	\$ 97,348	\$ 689,441	\$ 235,806
Contributions - in kind	1,565,820	-	1,565,820	689,011
Foundation grants	179,772	-	179,772	105,440
Program reimbursements	74,854	-	74,854	18,868
Government grants	77,578	-	77,578	61,963
Interest income	9,490	-	9,490	7,925
Other income	9,272	-	9,272	-
Net assets released from time restrictions	95,348	(95,348)	-	-
Total revenues and support	2,604,227	2,000	2,606,227	1,119,013
Expenses:				
Program services	2,150,607	-	2,150,607	1,067,790
Management and general	114,387	-	114,387	75,043
Fundraising	98,388	-	98,388	95,741
Total expenses	2,363,382	-	2,363,382	1,238,574
Change in net assets	240,845	2,000	242,845	(119,561)
Net assets, beginning of period	1,122,822	-	1,122,822	1,242,383
Net assets, end of period	<u>\$ 1,363,667</u>	<u>\$ 2,000</u>	<u>\$ 1,365,667</u>	<u>\$ 1,122,822</u>

See accompanying notes to financial statements.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2009
(With Comparative Totals for the Nine Month Period Ended September 30, 2008)

	2009			Total (12 months)	2008 (9 months)
	Programs	Management and general	Fundraising		
Salaries	\$ 82,143	\$ 63,609	\$ 57,926	\$ 203,678	\$ 134,019
Independent contractors	10,836	-	4,500	15,336	30,204
Payroll taxes	6,314	4,889	4,452	15,655	10,618
Employee benefits	2,430	1,882	1,714	6,026	9,533
Total salaries and benefits	101,723	70,380	68,592	240,695	184,374
Professional fees	-	9,787	2,157	11,944	14,744
Contracts	3,268	1,603	1,295	6,166	6,825
Supplies	3,738	1,834	1,481	7,053	4,781
Postage and shipping	2,028	995	803	3,826	2,032
Printing and publication	2,847	1,396	1,128	2,371	683
Printing and publication - in-kind	-	-	-	3,000	6,800
Occupancy:					
Insurance	2,623	1,287	1,040	4,950	1,904
Free rent	12,720	6,240	5,040	24,000	18,500
Utilities	6,331	3,106	2,508	11,945	9,893
Other	5,761	2,826	2,282	10,869	6,726
Telephone	4,314	2,116	1,709	8,139	5,538
Emergency assistance	453,025	-	-	453,025	226,041
Food purchased	64,157	-	-	64,157	29,990
Food - in-kind	1,442,739	-	-	1,442,739	678,384
Travel	7,673	-	-	7,673	4,046
Equipment supplies and maintenance	11,532	-	-	11,532	2,705
Depreciation	22,534	11,054	8,929	42,517	29,953
Miscellaneous expenses	3,594	1,763	1,424	6,781	4,655
	<u>\$ 2,150,607</u>	<u>\$ 114,387</u>	<u>\$ 98,388</u>	<u>\$ 2,363,382</u>	<u>\$ 1,238,574</u>

See accompanying notes to financial statements.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2009
 (With Comparative Totals for the Nine Month Period Ended September 30, 2008)

Increase (Decrease) in Cash and Cash Equivalents

	2009 <u>(12 months)</u>	2008 <u>(9 months)</u>
Cash flows from operating activities:		
Change in net assets	\$ 242,845	\$ (119,561)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	42,517	29,953
Changes in other assets and liabilities:		
Receivables	(3,916)	17,375
Inventory	(87,581)	8,795
Prepaid expenses	4,055	(2,166)
Other current assets	300	945
Accounts payable	2,398	(1,981)
Accrued expenses	(8,498)	(5,455)
Deferred revenue	14,000	-
Fiscal agency payable	29,476	-
Net cash from operating activities	<u>235,596</u>	<u>(72,095)</u>
Cash flows from investing activities:		
Purchase of equipment	(35,403)	(5,885)
Purchase of certificates of deposit	(256,933)	-
Net cash from financing activities	<u>(292,336)</u>	<u>(5,885)</u>
Net increase (decrease) in cash and cash equivalents	(56,740)	(77,980)
Cash and cash equivalents, beginning of period	<u>370,474</u>	<u>448,454</u>
Cash and cash equivalents, end of period	<u>\$ 313,734</u>	<u>\$ 370,474</u>

See accompanying notes to financial statements.

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009
(With Comparative Totals for Nine Month Period Ended September 30, 2008)

1. **ORGANIZATION**

Intercongregation Communities Association, Inc. (ICA) is a non-profit 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 numerous individuals, congregations, businesses, foundations, and government grants.

Thirty-six member congregations guide and oversee program areas. ICA's mission is "to offer hope as we provide assistance to our neighbors in need". These programs include: assistance for rent, mortgages, utility bills, referrals to other agencies and a food shelf. Program services are intended to help families and individuals through a particularly challenging time.

The primary sources of revenue are contributions of food and money and government grants.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Statement Presentation – The accompanying financial statements have been prepared using the accrual basis of accounting.

ICA changed its financial and income tax reporting year end to September 30 from December 31.

Net assets, revenues and support are classified based on the presence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Unrestricted net assets are not restricted by donors or the donor-imposed restrictions have expired. Unrestricted net assets are available for programs and supporting services at the discretion of management and the board of directors.
- Temporarily restricted net assets are restricted by donors for specific purposes or time periods. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets on the statement of activities.
- Permanently restricted net assets arise from contributions that the donor has stipulated must be maintained in perpetuity. ICA has no permanently restricted net assets.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009
(With Comparative Totals for Nine Month Period Ended September 30, 2008)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The primary estimates used in preparation of the financial statements are valuation of in-kind inventory, allocation of functional expenses and the useful lives of leasehold improvements and equipment.

Cash equivalents – Management considers money market funds and all highly liquid investments purchased with an original maturity of less than three months to be cash equivalents.

Certificates of Deposit - Certificates of deposit have twenty to twenty-four month terms and mature August 2010 through April 2011.

Credit Risk - ICA maintains cash and temporary cash investments in banks, a credit union and an investment company. At times, the balances exceed insured limits.

Inventory - Inventory consists of food on hand for the food shelf. Food is recorded at the estimated fair value of \$1.65 a pound in 2009 and 2008.

Leasehold Improvements and Equipment – Leasehold improvements and equipment are carried at cost, with the exception of donated equipment, which is recorded at its fair market value at date of gift. Leasehold improvements are depreciated over 15 to 20 years, the life of the lease, using the straight-line method. Computers and equipment are depreciated using the straight-line method over estimated useful lives of 3 to 7 years. Maintenance and repairs are charged to income as incurred; significant renewals or betterments are capitalized.

Fiscal Agency Payable - Funds managed as an agent for other entities are excluded from net assets. Since ICA merely acts as custodial agent of these funds and has no discretion in determining how these funds are used. Accordingly, the related revenues and expenses are not recognized on the accompanying statement of activities. Such amounts are recorded as liabilities until released.

Government Grants and Contracts - Government grants and contract funds are generally considered exchange transactions and are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred. Funds received but not yet earned are recorded as deferred revenue.

Contributions - Contributions are recognized when the donor makes an unconditional promise to give to ICA. Contributions that are restricted by the donor are reported as temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires or is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions with donor-imposed restrictions that expire in the same fiscal year the contribution is recognized, are reported as unrestricted net assets.

(Continued)

INTERCONGREGATION COMMUNITIES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2009
(With Comparative Totals for Nine Month Period Ended September 30, 2008)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributed Materials and Facilities - Contributed materials and facilities are recorded at fair value when received. Non-cash contributions of food were \$1,530,320 (2009) and \$669,589 (2008), the use of facilities valued at \$24,000 (2009) and \$18,500 (2008) and supplies / printing of \$11,500 (2009) and \$922 (2008).

Contributed Services - Contributed services are recorded as contributions, at their fair value, when the service creates or enhances a nonfinancial asset or the service requires specialized skills that would need to be purchased if not provided by donation. No contributed services were recorded in either year. A substantial number of unpaid volunteers have made contributions of their time to the ICA program. The value of this contributed time is not reflected in these statements since it does not meet requirements for recognition in the financial statements.

Functional 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.

Fair Values – In September 2006, the Financial Accounting Standards Board (FASB) issued Statement 157 (FAS 157), *Fair Value Measurements* which establishes a framework for reporting fair values and expands disclosures about fair value measurements. Fair value is the price that would be received or paid in an orderly transaction between market participants. FAS 157 establishes methods of determining fair values, giving highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs), quoted prices for similar assets and liabilities in active markets, as well as interest rates and yield curves that are observable (Level 2 inputs) and lowest priority to unobservable data (Level 3 inputs). ICA adopted FAS 157 in 2009.

The carrying amount of ICA's cash, certificates of deposit, receivables, accounts payable, accrued payroll, deferred revenue and fiscal agent payable approximate fair value primarily because of the short maturity of these instruments.

Level 3 inputs were used to value in-kind donations of food (based on a cost per pound that is comparable to that used by leading food shelves) and office / warehouse space (based on the cost of similar space in surrounding communities).

Comparative Total Column - The financial statements include certain prior-period summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with ICA's financial statements for the nine months ended September 30, 2008, from which the summarized information was derived.

(Continued)

