

Interstitial Cystitis Association of America, Inc.

Financial Statements
and Independent Auditors' Report

September 30, 2019 and 2018

Interstitial Cystitis Association of America, Inc.

Financial Statements
September 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Interstitial Cystitis Association of America, Inc.

We have audited the accompanying financial statements of the Interstitial Cystitis Association of America, Inc. ("the ICA"), which comprise the statements of financial position as of September 30, 2019 and 2018; the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 the ICA as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 2 to the financial statements, the ICA adopted Financial Accounting Standards Board Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The adoption of this standard resulted in the issuance of the statements of functional expenses, additional footnote disclosures, and changes to the classification of net assets. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
August 3, 2020

Interstitial Cystitis Association of America, Inc.

Statements of Financial Position
September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 197,610	\$ 319,371
Accounts receivable	-	3,047
Prepaid expenses	25,475	3,229
Inventory	<u>2,140</u>	<u>2,204</u>
Total assets	<u>\$ 225,225</u>	<u>\$ 327,851</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 32,933</u>	<u>\$ 25,212</u>
Total liabilities	<u>32,933</u>	<u>25,212</u>
Net Assets		
Without donor restrictions	192,292	235,342
With donor restrictions	<u>-</u>	<u>67,297</u>
Total net assets	<u>192,292</u>	<u>302,639</u>
Total liabilities and net assets	<u>\$ 225,225</u>	<u>\$ 327,851</u>

See accompanying notes.

Interstitial Cystitis Association of America, Inc.

Statement of Activities
For the Year Ended September 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenue and Support			
Contributions	\$ 413,346	\$ 125	\$ 413,471
Grants	100,000	-	100,000
Media campaign	5,000	-	5,000
Corporate partnerships	21,500	-	21,500
Special events	92,085	-	92,085
Publication sales	6,357	-	6,357
Interest income	18	-	18
Net assets released from restrictions	67,422	(67,422)	-
Total operating revenue and support	<u>705,728</u>	<u>(67,297)</u>	<u>638,431</u>
Expenses			
Program services:			
CDC/Cedars-Sinai sub-grant	100,000	-	100,000
Research	91,292	-	91,292
Advocacy	137,137	-	137,137
Education	258,603	-	258,603
Total program services	<u>587,032</u>	<u>-</u>	<u>587,032</u>
Supporting services:			
General and administrative	42,429	-	42,429
Fundraising	119,317	-	119,317
Total supporting services	<u>161,746</u>	<u>-</u>	<u>161,746</u>
Total expenses	<u>748,778</u>	<u>-</u>	<u>748,778</u>
Change in Net Assets	(43,050)	(67,297)	(110,347)
Net Assets, beginning of year	<u>235,342</u>	<u>67,297</u>	<u>302,639</u>
Net Assets, end of year	<u>\$ 192,292</u>	<u>\$ -</u>	<u>\$ 192,292</u>

See accompanying notes.

Interstitial Cystitis Association of America, Inc.

Statement of Activities
For the Year Ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Contributions	\$ 418,828	\$ 3,144	\$ 421,972
Grants	100,000	-	100,000
Media campaign	46,450	-	46,450
Corporate partnerships	20,000	-	20,000
Special events	18,707	-	18,707
Publication sales	6,703	-	6,703
In-kind contributions	4,235	-	4,235
Interest income	682	-	682
Total operating revenue and support	615,605	3,144	618,749
Expenses			
Program services:			
CDC/Cedars-Sinai sub-grant	100,000	-	100,000
Research	19,312	-	19,312
Advocacy	139,438	-	139,438
Education	261,994	-	261,994
Total program services	520,744	-	520,744
Supporting services:			
General and administrative	63,468	-	63,468
Fundraising	111,032	-	111,032
Total supporting services	174,500	-	174,500
Total expenses	695,244	-	695,244
Change in Net Assets from Operations	(79,639)	3,144	(76,495)
Non-Operating Activity			
Bequests	161,821	-	161,821
Change in Net Assets	82,182	3,144	85,326
Net Assets, beginning of year	153,160	64,153	217,313
Net Assets, end of year	\$ 235,342	\$ 67,297	\$ 302,639

See accompanying notes.

Interstitial Cystitis Association of America, Inc.

Statement of Functional Expenses
For the Year Ended September 30, 2019

	Program Services					Supporting Services		
	CDC/ Cedars-Sinai Sub-Grant	Research	Advocacy	Education	Total Program Services	General and Administrative	Fundraising	Total
Advertising	\$ 12,908	\$ -	\$ -	\$ -	\$ 12,908	\$ -	\$ -	\$ 12,908
Government affairs	-	-	53,009	-	53,009	-	-	53,009
Graphic artist	-	-	-	12,850	12,850	-	950	13,800
Storage	-	-	-	-	-	2,990	-	2,990
Insurance	-	-	-	-	-	2,236	-	2,236
Internet outreach	-	-	-	17,581	17,581	269	27,005	44,855
Postage and delivery	-	-	-	3,733	3,733	2,153	8,100	13,986
State registration fees and taxes	-	-	-	-	-	-	8,272	8,272
Telecommunications	-	-	-	-	-	2,616	-	2,616
Printing and reproduction	-	-	-	13,408	13,408	1,190	9,388	23,986
Management fees	29,899	18,569	81,703	196,829	327,000	7,238	37,138	371,376
Meeting/conference	-	-	-	-	-	-	11,364	11,364
Office supplies and expenses	-	-	-	-	-	1,976	-	1,976
Travel and entertainment	-	-	2,425	1,657	4,082	9,999	1,603	15,684
Contract services	57,193	-	-	7,504	64,697	-	-	64,697
Professional fees	-	-	-	-	-	11,364	-	11,364
Bank fees	-	-	-	-	-	-	14,444	14,444
Miscellaneous	-	-	-	-	-	398	1,053	1,451
Subtotal	100,000	18,569	137,137	253,562	509,268	42,429	119,317	671,014
Costs of goods sold—resource materials	-	-	-	5,041	5,041	-	-	5,041
Grants to others	-	72,723	-	-	72,723	-	-	72,723
Total Expenses	\$ 100,000	\$ 91,292	\$ 137,137	\$ 258,603	\$ 587,032	\$ 42,429	\$ 119,317	\$ 748,778

See accompanying notes.

Interstitial Cystitis Association of America, Inc.

Statement of Functional Expenses
For the Year Ended September 30, 2018

	Program Services					Supporting Services		
	CDC/ Cedars-Sinai Sub-Grant	Research	Advocacy	Education	Total Program Services	General and Administrative	Fundraising	Total
Government affairs	\$ -	\$ -	\$ 52,835	\$ -	\$ 52,835	\$ -	\$ -	\$ 52,835
Graphic artist	-	-	-	12,000	12,000	-	748	12,748
Amortization	-	-	-	-	-	9,192	-	9,192
Storage	-	-	-	-	-	2,793	-	2,793
Insurance	-	-	-	-	-	2,053	-	2,053
Internet outreach	-	-	-	16,982	16,982	12,521	17,229	46,732
Postage and delivery	-	-	-	4,092	4,092	1,945	7,309	13,346
State registration fees and taxes	-	-	-	-	-	-	7,791	7,791
In-kind donations	-	-	-	-	-	-	4,235	4,235
Telecommunications	-	-	-	-	-	2,546	-	2,546
Printing and reproduction	-	-	-	12,795	12,795	1,256	10,763	24,814
Management fees	26,923	19,312	84,971	204,702	335,908	11,700	38,623	386,231
Meeting/conference	-	-	-	-	-	-	4,655	4,655
Office supplies and expenses	-	-	-	-	-	2,457	-	2,457
Travel and entertainment	-	-	1,632	3,167	4,799	5,862	4,683	15,344
Contract services	60,000	-	-	7,202	67,202	-	-	67,202
Professional fees	13,077	-	-	-	13,077	11,036	-	24,113
Bank fees	-	-	-	-	-	-	13,896	13,896
Miscellaneous	-	-	-	-	-	107	1,100	1,207
Subtotal	100,000	19,312	139,438	260,940	519,690	63,468	111,032	694,190
Costs of goods sold–resource materials	-	-	-	1,054	1,054	-	-	1,054
Total Expenses	\$ 100,000	\$ 19,312	\$ 139,438	\$ 261,994	\$ 520,744	\$ 63,468	\$ 111,032	\$ 695,244

See accompanying notes.

Interstitial Cystitis Association of America, Inc.

Statements of Cash Flows
For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (110,347)	\$ 85,326
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Amortization	-	9,192
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	3,047	22,725
Prepaid expenses	(22,246)	7,978
Inventory	64	810
Increase (decrease) in:		
Accounts payable and accrued expenses	7,721	(8,716)
Grant payable	-	(50,000)
	<u>(121,761)</u>	<u>67,315</u>
Net cash (used in) provided by operating activities		
	<u>(121,761)</u>	<u>67,315</u>
Net (Decrease) Increase in Cash and and Cash Equivalents	<u>(121,761)</u>	<u>67,315</u>
Cash and Cash Equivalents, beginning of year	<u>319,371</u>	<u>252,056</u>
Cash and Cash Equivalents, end of year	<u>\$ 197,610</u>	<u>\$ 319,371</u>

Interstitial Cystitis Association of America, Inc.

Notes to Financial Statements
September 30, 2019 and 2018

1. Nature of Operations

The Interstitial Cystitis Association of America, Inc. (“the ICA”) is a nonprofit health association dedicated to improving the quality of healthcare and lives of people living with interstitial cystitis (IC). The ICA provides advocacy, research funding, and education to ensure early diagnosis and optimal care with dignity for people affected by IC.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) 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 are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash Equivalents

The ICA considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

Accounts Receivable

Accounts receivable are due in less than one year and are recorded at net realizable value. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to the aging of receivables. There is no provision for doubtful accounts at September 30, 2019 and 2018, as management deems all receivables to be fully collectible.

Interstitial Cystitis Association of America, Inc.

Notes to Financial Statements
September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Inventory

Inventory is comprised of brochures and is stated at the lower of cost or market value. Cost is determined on a first-in, first-out basis.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The ICA reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

The ICA's grants are cost reimbursable in nature and are recognized as revenue as the related expenditures are incurred.

Revenue from all other sources is recognized when earned.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Measure of Operations

The ICA includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities and excludes bequests.

Interstitial Cystitis Association of America, Inc.

Notes to Financial Statements
September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 – *Revenue from Contracts with Customers* (Topic 606). The update establishes a comprehensive revenue recognition standard for virtually all industries including those that previously followed industry-specific guidance. The update requires that revenue be recognized to depict the transfer of promised goods and services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for these goods and services. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers* (Topic 606) – *Deferral of the Effective Date*, which deferred the effective date for one year. The guidance is effective beginning in the Organization’s fiscal year 2020.

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 update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ICA has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, except for the liquidity and availability footnote, which is permitted by the ASU in the year of adoption. The implementation had no impact on previously reported net assets.

Subsequent Events

In preparing these financial statements, the ICA has evaluated events and transactions for potential recognition or disclosure through August 3, 2020, the date the financial statements were available to be issued.

Interstitial Cystitis Association of America, Inc.

Notes to Financial Statements
September 30, 2019 and 2018

3. Liquidity and Availability

The ICA has \$197,610 of financial assets available within one year of the statement of financial position date consisting of cash and cash equivalents. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The ICA has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$120,000.

4. Concentration of Credit Risk

Financial instruments that potentially subject the ICA to significant concentrations of credit risk consist of cash and cash equivalents. The ICA maintains various cash deposit and transaction accounts with financial institutions that from time to time could exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). The ICA has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of amounts restricted for research and research-related grants and totaled \$-0- and \$67,297 at September 30, 2019 and 2018, respectively.

6. Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include management fees, which are allocated on the basis of estimates of time and effort.

7. Commitments and Contingencies

Management Services

The ICA utilizes the services of a management services company, MCI USA (MCI) under the terms of a written agreement. The agreement, as amended, provides for a core management fee of \$30,948 per month and could be subject to annual fee escalations. The fee will increase pursuant to the annual escalation rate specified in the contract if the year-end financial statements show a surplus. In addition, MCI is entitled to reimbursement for any direct costs incurred on behalf of the ICA not covered under the scope of the management agreement.

Interstitial Cystitis Association of America, Inc.

Notes to Financial Statements
September 30, 2019 and 2018

7. Commitments and Contingencies (continued)

Management Services (continued)

Core management fees totaled \$371,376 for both years ended September 30, 2019 and 2018. Additional fees for additional services provided by MCI totaled \$57,193 and \$60,000 for the years ended September 30, 2019 and 2018, respectively, and are included in contract services in the accompanying statements of functional expenses. As part of the aforementioned agreement, the ICA paid an incentive fee of \$-0- and \$14,855 to MCI for the years ended September 30, 2019 and 2018, respectively, which is included in management fees in the accompanying statements of functional expenses.

Government Grants

Funds received from federal agencies are subject to an audit under the provisions of the grant agreements. The ultimate determination of amounts received under these grants is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grants are closed out, a potential contingency exists to refund any amounts received in excess of allowable costs. Management is of the opinion that no material liability exists.

8. Income Taxes

The ICA is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements for the years ended September 30, 2019 and 2018, as there were no unrelated business activities.

Management has evaluated the ICA's tax positions and has concluded that the ICA has taken no uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.