

Interstitial Cystitis Association of America, Inc.

Financial Statements
and Independent Auditor's Report

September 30, 2023 and 2022

Interstitial Cystitis Association of America, Inc.

Financial Statements
September 30, 2023 and 2022

Contents

Independent Auditor's Report.....	1-2
<i>Financial Statements</i>	
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9-14

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Interstitial Cystitis Association of America, Inc. ("ICA"), which comprise the statements of financial position as of September 30, 2023 and 2022; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ICA as of September 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ICA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ICA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ICA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ICA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink that reads "Rogers & Company PLLC".

Vienna, Virginia
June 25, 2024

Interstitial Cystitis Association of America, Inc.

Statements of Financial Position
September 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 163,920	\$ 299,392
Accounts receivable	11,762	2,500
Contributions and grants receivable	137,860	-
Prepaid expenses	1,013	1,010
Inventory	1,362	1,860
Total assets	<u>\$ 315,917</u>	<u>\$ 304,762</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 25,107	\$ 38,803
Deferred revenue	25,833	-
Total liabilities	<u>50,940</u>	<u>38,803</u>
Net Assets		
Without donor restrictions	264,977	265,959
Total net assets	<u>264,977</u>	<u>265,959</u>
Total liabilities and net assets	<u>\$ 315,917</u>	<u>\$ 304,762</u>

Interstitial Cystitis Association of America, Inc.

Statement of Activities
For the Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 367,416	\$ -	\$ 367,416
Grants	175,000	-	175,000
Media campaign	58,925	-	58,925
Corporate partnerships	43,333	-	43,333
Publications	3,420	-	3,420
Change in value of bank sweep	23	-	23
Total revenue and support	648,117	-	648,117
Expenses			
Program services:			
CDC/Boston Children's Hospital			
sub-grant	68,748	-	68,748
Research	21,067	-	21,067
Advocacy	146,475	-	146,475
Education	276,826	-	276,826
Total program services	513,116	-	513,116
Supporting services:			
General and administrative	33,413	-	33,413
Fundraising	102,570	-	102,570
Total supporting services	135,983	-	135,983
Total expenses	649,099	-	649,099
Change in Net Assets	(982)	-	(982)
Net Assets, beginning of year	265,959	-	265,959
Net Assets, end of year	<u>\$ 264,977</u>	<u>\$ -</u>	<u>\$ 264,977</u>

See accompanying notes.

Interstitial Cystitis Association of America, Inc.

Statement of Activities
For the Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 460,771	\$ -	\$ 460,771
Grants	98,000	-	98,000
Media campaign	8,500	-	8,500
Corporate partnerships	30,000	-	30,000
Publications	5,320	-	5,320
Other income	2,629	-	2,629
Change in value of bank sweep	(483)	-	(483)
Net assets released from restrictions	5,213	(5,213)	-
Total revenue and support	609,950	(5,213)	604,737
Expenses			
Program services:			
CDC/Boston Children's Hospital			
sub-grant	66,409	-	66,409
Research	19,560	-	19,560
Advocacy	139,152	-	139,152
Education	274,059	-	274,059
Total program services	499,180	-	499,180
Supporting services:			
General and administrative	33,574	-	33,574
Fundraising	103,208	-	103,208
Total supporting services	136,782	-	136,782
Total expenses	635,962	-	635,962
Change in Net Assets	(26,012)	(5,213)	(31,225)
Net Assets, beginning of year	291,971	5,213	297,184
Net Assets, end of year	\$ 265,959	\$ -	\$ 265,959

See accompanying notes.

Interstitial Cystitis Association of America, Inc.

Statement of Functional Expenses
For the Year Ended September 30, 2023

	Program Services					Supporting Services			
	CDC/ Boston Children's Hospital Sub-Grant	Research	Advocacy	Education	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Advertising	\$ 6,445	\$ -	\$ -	\$ -	\$ 6,445	\$ -	\$ -	\$ -	\$ 6,445
Government affairs	-	-	53,736	-	53,736	-	-	-	53,736
Graphic artist	-	-	-	12,000	12,000	-	-	-	12,000
Storage	-	-	-	-	-	2,143	-	2,143	2,143
Insurance	-	-	-	-	-	2,576	-	2,576	2,576
Internet outreach	-	-	-	20,916	20,916	10	19,193	19,203	40,119
Postage and delivery	-	-	-	2,644	2,644	1,151	7,129	8,280	10,924
State registration fees and taxes	-	-	-	-	-	-	10,336	10,336	10,336
Telecommunications	-	-	-	-	-	2,121	-	2,121	2,121
Printing and reproduction	-	-	-	12,496	12,496	329	7,556	7,885	20,381
Management fees	33,706	21,067	92,693	223,305	370,771	8,427	42,133	50,560	421,331
Meeting/conference	-	-	-	-	-	-	6,569	6,569	6,569
Office supplies and expenses	-	-	-	-	-	2,410	-	2,410	2,410
Travel and entertainment	-	-	46	-	46	-	-	-	46
Contract services	28,597	-	-	5,261	33,858	-	-	-	33,858
Professional fees	-	-	-	-	-	13,100	-	13,100	13,100
Bank fees	-	-	-	-	-	-	9,654	9,654	9,654
Miscellaneous	-	-	-	-	-	1,146	-	1,146	1,146
Subtotal	68,748	21,067	146,475	276,622	512,912	33,413	102,570	135,983	648,895
Costs of goods sold—resource materials	-	-	-	204	204	-	-	-	204
Total Expenses	\$ 68,748	\$ 21,067	\$ 146,475	\$ 276,826	\$ 513,116	\$ 33,413	\$ 102,570	\$ 135,983	\$ 649,099

See accompanying notes.

Interstitial Cystitis Association of America, Inc.

Statement of Functional Expenses
For the Year Ended September 30, 2022

	Program Services					Supporting Services			
	CDC/ Boston Children's Hospital Sub-Grant	Research	Advocacy	Education	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Advertising	\$ 6,450	\$ -	\$ -	\$ -	\$ 6,450	\$ -	\$ -	\$ -	\$ 6,450
Government affairs	-	-	53,001	-	53,001	-	-	-	53,001
Graphic artist	-	-	-	12,000	12,000	-	-	-	12,000
Storage	-	-	-	-	-	3,405	-	3,405	3,405
Insurance	-	-	-	-	-	2,413	-	2,413	2,413
Internet outreach	-	-	-	30,900	30,900	-	28,221	28,221	59,121
Postage and delivery	-	-	-	4,549	4,549	2,137	10,078	12,215	16,764
State registration fees and taxes	-	-	-	-	-	-	9,614	9,614	9,614
Telecommunications	-	-	-	-	-	2,628	-	2,628	2,628
Printing and reproduction	-	-	-	12,804	12,804	390	4,040	4,430	17,234
Management fees	31,297	19,560	86,066	207,340	344,263	7,824	39,121	46,945	391,208
Meeting/conference	-	-	-	-	-	-	1,363	1,363	1,363
Office supplies and expenses	-	-	-	-	-	1,855	-	1,855	1,855
Travel and entertainment	-	-	85	-	85	-	-	-	85
Contract services	28,662	-	-	5,908	34,570	-	-	-	34,570
Professional fees	-	-	-	-	-	12,501	-	12,501	12,501
Bank fees	-	-	-	-	-	-	10,771	10,771	10,771
Miscellaneous	-	-	-	-	-	421	-	421	421
Subtotal	66,409	19,560	139,152	273,501	498,622	33,574	103,208	136,782	635,404
Costs of goods sold—resource materials	-	-	-	558	558	-	-	-	558
Total Expenses	\$ 66,409	\$ 19,560	\$ 139,152	\$ 274,059	\$ 499,180	\$ 33,574	\$ 103,208	\$ 136,782	\$ 635,962

See accompanying notes.

Interstitial Cystitis Association of America, Inc.

Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (982)	\$ (31,225)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(9,262)	23,386
Contributions and grants receivable	(137,860)	-
Prepaid expenses	(3)	(12)
Inventory	498	(229)
Increase (decrease) in:		
Accounts payable and accrued expenses	(13,696)	(16,613)
Deferred revenue	25,833	-
	<u>(135,472)</u>	<u>(24,693)</u>
Net cash used in operating activities	<u>(135,472)</u>	<u>(24,693)</u>
Net Decrease in Cash and Cash Equivalents	(135,472)	(24,693)
Cash and Cash Equivalents, beginning of year	<u>299,392</u>	<u>324,085</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 163,920</u></u>	<u><u>\$ 299,392</u></u>

Interstitial Cystitis Association of America, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

1. Nature of Operations

The Interstitial Cystitis Association of America, Inc. (“ICA”) is a nonprofit health association dedicated to improving the quality of healthcare and lives of people living with interstitial cystitis (IC). 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

ICA’s 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. ICA reports contributions and grants restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Cash Equivalents

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.

Interstitial Cystitis Association of America, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are due in less than one year and are recorded at net realizable value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. ICA historically has insignificant write-offs due to bad debts, and current condition indicates all receivables are fully collectible. Therefore, no allowance for credit losses has been recognized at September 30, 2023.

Contributions and Grants Receivable

Contributions and grants receivable represent unconditional amounts committed to ICA. Contributions and grants receivable are reflected at either net realizable value, or at net present value based on projected cash flows. Contributions and grants receivable due in more than one year are discounted to present value based on management's estimate of the risk-adjusted rate of return. Management determines the allowance for doubtful accounts based upon review of outstanding receivables, historical collection information, and existing economic conditions. No allowance for uncollectible contributions and grants receivable has been established as all amounts are deemed fully collectible.

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.

Interstitial Cystitis Association of America, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

ICA recognizes contributions and grants when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

Cost-reimbursable grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when ICA has incurred expenditures in compliance with specific grant provisions. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying statements of financial position. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying statements of financial position.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when ICA satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration ICA expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, ICA combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, for the various types of contracts, ICA recognizes revenue as follows:

ICA solicits organizations to become part of the corporate partnership program. Amounts received are considered exchange transactions and are recognized when earned.

Revenue from all other sources is recognized when earned.

Interstitial Cystitis Association of America, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as management fees, have been allocated among the programs and supporting services, primarily based on employee effort.

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.

Advertising Costs

Advertising costs are expensed as incurred.

Adopted Accounting Pronouncement

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), *Measurement of Credit Losses on Financial Instruments*. This ASU addresses measurement and reporting of credit losses related to accounts receivable, notes receivable, leases receivable, and held-to-maturity debt securities. The ASU mandates the current expected credit loss model, which measures and reports expected losses over the contractual life of an asset. The measurement of expected life credit losses will be based on relevant information, not just past events (including historical experience and current conditions), but also the “reasonable and supportable” forecasts that affect collectability of the reported amount. This guidance is effective for ICA for the year ended September 30, 2023. ICA adopted ASU 2016-13 during the year ended September 30, 2023, and has adjusted the presentation in the financial statements as permitted by ASU 2016-13.

Subsequent Events

In preparing these financial statements, ICA has evaluated events and transactions for potential recognition, adjustment, or disclosure through June 25, 2024, the date the financial statements were available to be issued.

Interstitial Cystitis Association of America, Inc.

Notes to Financial Statements September 30, 2023 and 2022

3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at September 30:

	2023	2022
Cash and cash equivalents	\$ 163,920	\$ 299,392
Accounts receivable	11,762	2,500
Contributions and grants receivable	137,860	-
Total available for general expenditures	<u>\$ 313,542</u>	<u>\$ 301,892</u>

4. Concentration of Credit Risk

Financial instruments that potentially subject ICA to significant concentrations of credit risk consist of cash and cash equivalents. 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). 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. Commitments and Contingencies

Management Services

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. In addition, MCI is entitled to reimbursement for any direct costs incurred on behalf of ICA not covered under the scope of the management agreement.

Core management fees totaled \$421,331 and \$391,208 for the years ended September 30, 2023 and 2022, respectively.

Interstitial Cystitis Association of America, Inc.

Notes to Financial Statements
September 30, 2023 and 2022

5. Commitments and Contingencies (continued)

Government Grants

Funds received from federal agencies (including pass-throughs) 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.

6. Income Taxes

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, 2023 and 2022, as there were no unrelated business activities.

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