

LaVoie & Co., P.C.

Certified Public Accountants

September 3, 2009

To the Board of Directors
Interfaith Community Services

We have audited the financial statements of Interfaith Community Services for the year ended June 30, 2009, and have issued our report thereon dated September 3, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 5, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Interfaith Community Services are described in Note A to the financial statements. There were no new policies adopted in this note to the financial statements and the application of existing policies under this note were not changed during the fiscal year ended June 30, 2009. A new policy regarding the accounting for endowment funds was enacted and is described in Note C to the financial statements. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period..

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements noted. It follows that there were no misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Interfaith Community Services and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Mara G. Mann

Interfaith Community Services
AUDITED FINANCIAL STATEMENTS
June 30, 2009 and 2008

Interfaith Community Services
AUDITED FINANCIAL STATEMENTS

June 30, 2009 and 2008

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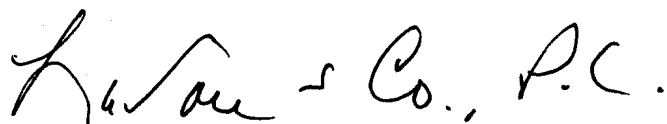
REPORT OF INDEPENDENT AUDITORS

Board of Directors
Interfaith Community Services
Tucson, Arizona

We have audited the accompanying statements of financial position of Interfaith Community Services as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Interfaith Community Service's management. 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Interfaith Community Services at June 30, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



LaVoie & Co., P.C.
Tucson, Arizona
September 3, 2009

Interfaith Community Services

STATEMENTS OF FINANCIAL POSITION

	As of June 30,	
	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets:		
Cash	\$ 183,303	\$ 226,698
Accounts receivable	80,183	44,819
Pledges receivable - Note B	23,875	40,450
Grants receivable	42,478	
Other current assets	<u>5,294</u>	<u>13,172</u>
Total Current Assets	335,133	325,139
Endowment Funds:		
Pledges receivable, net of allowances - Note B	20,775	62,440
Community Foundation for Southern Arizona - Note C	18,525	29,653
Permanent Operating Endowment - Note C	<u>414,367</u>	<u>265,900</u>
	453,667	357,993
Property and Equipment, net - Note D	<u>581,050</u>	<u>578,452</u>
Total Assets	<u>\$ 1,369,850</u>	<u>\$ 1,261,584</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 31,709	\$ 39,606
Accrued payroll and related taxes	<u>53,929</u>	<u>63,072</u>
Total Current Liabilities	85,638	102,678
NET ASSETS		
Unrestricted Net Assets	794,930	688,883
Temporarily Restricted Net Assets - Note E		71,581
Permanently Restricted Net Assets - Note F	<u>489,282</u>	<u>398,442</u>
Total Net Assets	1,284,212	1,158,906
Total Liabilities and Net Assets	<u>\$ 1,369,850</u>	<u>\$ 1,261,584</u>

The accompanying notes are an integral part of these financial statements.

Interfaith Community Services

STATEMENTS OF ACTIVITIES

	For The Year Ending June 30, 2009			For The Year Ending June 30, 2008				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
CHANGES IN NET ASSETS								
Support and Revenue:								
Congregational support - Note I	\$ 125,164	\$ 50,000		\$ 175,164	\$ 119,116	\$ 45,966	\$ 165,082	
General contributions	291,758	14,400	\$ 149,330	455,488	215,407	138,356	745,745	
Estates and bequests	11,600			11,600	6,625		6,625	
Grants	80,750	402,823		483,573	52,500	533,362	585,862	
Service income - mobile meals	92,097			92,097	83,923		83,923	
In-kind contributions - Note G	690,397			690,397	549,797		549,797	
Client assistance through casework - Note H	321,434			321,434	183,345		183,345	
Fundraising	44,066			44,066	71,800		71,800	
Interest and other	10,035		15,768	25,803	9,594	4,006	13,600	
Unrealized (loss) gain on investments			(76,593)	(76,593)		(18,051)	(18,051)	
Net assets released from restrictions:								
Restrictions satisfied by payments - Note K	538,804	(538,804)			997,793	(988,960)		
Total Support and Revenue	2,206,105	(71,581)	88,505	2,223,029	2,289,900	(271,276)	2,387,728	
Expenses:								
Program Services	1,778,041			1,778,041	1,516,863		1,516,863	
Supporting Services:								
Fundraising	168,872			168,872	171,983		171,983	
Administration	153,145		(2,335)	150,810	161,583		161,583	
Total Expenses	2,100,058		(2,335)	2,097,723	1,850,429		1,850,429	
Increase (Decrease) in Net Assets	106,047	(71,581)	90,840	125,306	439,471	(271,276)	537,299	
NET ASSETS BEGINNING OF YEAR	688,883	71,581	398,442	1,158,906	249,412	342,857	621,607	
NET ASSETS END OF YEAR	\$ 794,930	\$ 489,282	\$ 489,282	\$ 1,284,212	\$ 688,883	\$ 71,581	\$ 1,158,906	

The accompanying notes are an integral part of these financial statements.

Interfaith Community Services

STATEMENTS OF FUNCTIONAL EXPENSES

	For The Year Ending June 30, 2009			For The Year Ending June 30, 2008				
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Fundraising	Administration			Fundraising	Administration	
Salaries and wages	\$ 274,210	\$ 99,439	\$ 103,990	\$ 477,639	\$ 265,262	\$ 98,145	\$ 104,438	\$ 467,845
Payroll taxes and related	20,391	7,558	8,525	36,474	19,949	7,208	7,385	34,542
Benefits	4,422	1,101	594	6,117	3,395	1,088	248	4,731
	299,023	108,098	113,109	520,230	288,606	106,441	112,071	507,118
Client Expenses:								
Food bank boxes	519,924			519,924	415,415			415,415
Mobile meal trays	100,211			100,211	99,960			99,960
Prescription expense	10,174			10,174	7,094			7,094
Shelter expense	112,069			112,069	159,201			159,201
Utility expense	365,820			365,820	216,190			216,190
Other client expense	45,564			45,564	34,210			34,210
Bad debt (recovery) - Note B			(6,110)	(6,110)				8,460
Depreciation	21,666	2,615	4,335	28,616	5,945	285	1,132	7,362
Insurance	5,558	671	1,112	7,341	4,516	192	762	5,470
Lease expense - Note I	31,205	2,996	4,967	39,168	31,213	1,149	4,454	36,816
Office expense	12,750	3,431	3,969	20,150	12,146	1,594	3,929	17,669
Other	9,556	3,176	7,552	20,284	7,879	5,152	8,612	21,643
Postage	6,110	7,527	912	14,549	3,744	7,256	436	11,436
Printing	6,477	23,256	934	30,667	9,820	14,479	5,950	30,249
Professional services	3,909	8,130	9,255	21,294	6,886	16,733	6,048	29,667
Repairs and maintenance	5,907	986	1,230	8,123	2,465	120	817	3,402
Supplies	20,461	4,903	6,954	32,318	56,901	13,643	6,628	77,172
Telephone	5,377	703	748	6,828	6,687	406	832	7,925
Travel expense	5,232	1,486	362	7,080	3,981	4,193	341	8,515
Utilities	6,856	894	1,481	9,231	6,311	340	1,111	7,762
Volunteer auto expenses	184,192			184,192	137,693			137,693
	<u>\$ 1,778,041</u>	<u>\$ 168,872</u>	<u>\$ 150,810</u>	<u>\$ 2,097,723</u>	<u>\$ 1,516,863</u>	<u>\$ 171,983</u>	<u>\$ 161,583</u>	<u>\$ 1,850,429</u>

The accompanying notes are an integral part of these financial statements.

Interfaith Community Services

STATEMENTS OF CASH FLOWS

	For the Year Ending June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 125,306	\$ 537,299
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:		
Depreciation	28,616	7,362
Unrealized loss on investments	76,593	18,366
Contributions to permanent operating endowment	(149,330)	(265,900)
In-kind contributions of assistance	(690,397)	(549,797)
In-kind assistance distributed and expensed	690,397	549,797
Client assistance revenue through casework	(321,434)	(183,345)
Client assistance expense through casework	321,434	183,345
Changes in operating assets and liabilities:		
Increase in accounts receivable	(35,364)	(18,867)
Decrease (increase) in pledges receivable	58,240	(102,890)
Decrease (increase) in grant receivable	(42,478)	111,000
Decrease (increase) in other current assets	7,878	(9,662)
Increase (decrease) in accounts payable	(7,897)	26,135
Increase (decrease) in accrued payroll and related taxes	(9,143)	15,314
Net Cash (Used) Provided By Operating Activities	52,421	318,157
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(213,932)	(284,581)
Purchase of property and equipment	(31,214)	(459,400)
Net Cash Used For Investing Activities	(245,146)	(743,981)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions to permanent operating endowment	149,330	265,900
Net Cash Provided By Financing Activities	149,330	265,900
Net Decrease in Cash	(43,395)	(159,924)
CASH AT THE BEGINNING OF YEAR	226,698	386,622
CASH AT END OF YEAR	\$ 183,303	\$ 226,698

The accompanying notes are an integral part of these financial statements.

Interfaith Community Services

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE A -- NATURE OF OPERATIONS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES

Nature of Operations

Interfaith Community Services was incorporated as a not-for-profit organization in July 1985, pursuant to the laws of the State of Arizona. Interfaith Community Services (ICS) is a non-sectarian faith-based organization, whose purpose is the concern of the physical, spiritual and emotional well-being of all individuals. Accordingly, ICS seeks to identify the needs of the community and to facilitate effective responses to such needs. ICS serves primarily Pima County, Arizona.

Interfaith Community Services is open in membership to all interested religious congregations who support the purpose of ICS, whose functions are related to the objectives of ICS, and who are located within the territorial limits of ICS.

Summary of Significant Accounting Policies

Interfaith Community Service's unique accounting policies are as follows:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Effective July 1, 2008, ICS adopted SFAS No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value under GAAP and enhances disclosures about fair value measurements. Fair value, is defined under SFAS No. 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 applies to other accounting pronouncements that require or permit fair value measurements, and accordingly, SFAS No. 157 does not require any new fair value measurements. The adoption of SFAS No.157 had no impact on ICS beginning balance of net assets as of July 1, 2008. Subsequent changes in fair value of these financial assets and liabilities are recognized in earnings when they occur.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of SFAS No. 115, which among other things, provides an option to elect fair value as an alternative measurement for selected financial assets and liabilities not previously recorded at fair value. ICS did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.

Basis of Presentation

Financial statement presentation follows the recommendations of SFAS No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, ICS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These net assets classifications are described as follows:

Temporarily Restricted Net Assets - subject to donor-imposed stipulations that may be fulfilled by actions of ICS to meet the stipulations or become unrestricted at the date specified by the donor.

Interfaith Community Services

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2009 and 2008

NOTE A -- NATURE OF OPERATIONS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES (continued)

Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued):

Permanently Restricted Net Assets - subject to donor-imposed stipulations that they be retained and invested permanently by ICS.

Unrestricted Net Assets - not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or by action of the Board of Directors.

Cash and cash equivalents – for purposes of the Statement of Cash Flows, ICS considers all unrestricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Pledges Receivable – The two forms of pledges receivable are unconditional promises to give and conditional promises to give. Unconditional promises to give are recognized as receivables and revenues in the period in which ICS is notified in writing by the donor of his or her commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable.

Contributions – are considered available for unrestricted use unless specifically restricted by the donor.

In-kind contributions – of donated materials and facilities are recorded at fair value. Donations of property and equipment are recorded at fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, ICS reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. ICS reclassifies temporarily restricted net assets to unrestricted net assets at that time. Donated services are recognized as contributions if the services: (a) create or enhance non-financial assets, or, (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ICS. Volunteer services, such as Board of Director's donated time, are not recorded. However, volunteers have donated significant amounts of their time to program service activities.

Depreciation – is calculated on the straight-line method over the asset's estimated useful life. It is ICS's policy to capitalize purchases of property and equipment over \$1,000.

Functional expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Interfaith Community Services

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2009 and 2008

NOTE A -- NATURE OF OPERATIONS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES (continued)

Summary of Significant Accounting Policies (Continued)

Income Taxes - Interfaith Community Services is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, ICS has made no provision for federal income taxes in the accompanying financial statements. In addition, ICS has been determined by the Internal Revenue Service to not be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Use of Estimates and Assumptions - Management uses estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE B -- PLEDGES RECEIVABLE

At June 30, 2009, pledges receivable to the Permanent Operating Endowment, referenced in Note D, are as follows:

Receivables - less than one year	\$ 23,875
Receivables - one to five years	<u>23,125</u>
Sub Total	\$ 47,000
Less allowance for uncollectible pledges	<u>2,350</u>
	<u>\$ 44,650</u>

NOTE C -- ENDOWMENT FUNDS

Endowment funds consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Endowment funds held by the Community Foundation for Southern Arizona	\$ 18,525	\$ 29,653
Permanent Operating Endowment Fund	<u>414,367</u>	<u>265,900</u>
	<u>\$432,892</u>	<u>\$ 295,553</u>

Community Foundation for Southern Arizona Endowment

The endowment fund established with the Community Foundation for Southern Arizona was initiated on behalf of Interfaith Community Services, in January 1990. Per the agreement with the Foundation, the corpus of the fund is permanently restricted. Income from the fund is available for distribution to the Interfaith Community Services at the discretion of the Community Foundation.

These funds are accounted for in accordance with SFAS No. 136, *Transfers of Assets to a Not-for-Profit*

Interfaith Community Services

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2009 and 2008

NOTE C -- ENDOWMENT FUNDS (Continued)

Organization or Charitable Trust that Raises or Holds Contributions for Others. This statement requires the fund to be presented as an asset in the statement of financial position.

The Board of Trustees of the Community Foundation for Southern Arizona shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

Fair value of this endowment fund is provided by the Community Foundation for Southern Arizona, the custodial agent of the fund.

Investment income, gains and losses are reported in the statement of activities as increases or decreases in net assets.

Permanent Operating Endowment

In December 2007, the Permanent Operating Endowment (POE) was established to provide financial support for the annual operations of Interfaith Community Services. The long-term objective is to provide for an annual distribution to the operations of 5% of the average value of the POE over the prior three years. However, the annual amount available for operations shall not cause the principal amount of the POE to fall below the original contributions made to the POE after adjusting for inflation. As a result, the actual amount available to support operations in any one year may be less than 5%. Investments of the POE were held in an account with an investment company and consist of at June 30:

	COST 2009	FAIR VALUE 2009	COST 2008	FAIR VALUE 2008
Money market funds	\$ 2,807	\$ 2,807	\$ 13,462	\$ 13,462
Bond funds	98,000	106,564	65,000	66,600
Equity securities	131,565	106,121	55,565	50,337
Other	144,965	112,295	92,873	83,643
International holdings	102,978	86,580	53,983	51,858
	<u>\$ 480,315</u>	<u>\$ 414,367</u>	<u>\$ 280,883</u>	<u>\$ 265,900</u>

The POE investments had the following activity during the year ended June 30, 2009:

<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Return (Loss)</u>	<u>Balance at June 30, 2009</u>
\$265,900	\$201,475	(\$53,008)	\$414,367

Interfaith Community Services

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2009 and 2008

NOTE C -- ENDOWMENT FUNDS (Continued)

Permanent Operating Endowment investment return (loss) is as follows for the years ended June 30:

	<u>2009</u>	<u>2008</u>
Dividends	\$ 10,681	\$ 3,212
Capital gain distributions	4,294	
Unrealized gain (loss)	(66,129)	(14,983)
Investment expenses	<u>(1,854)</u>	<u>(373)</u>
	<u>\$ (53,008)</u>	<u>\$ (12,144)</u>

NOTE D -- PROPERTY AND EQUIPMENT, NET

Property and equipment is valued at cost, if purchased and at fair value, if contributed. Property and equipment consists of the following at June 30:

	<u>2009</u>	<u>2008</u>
Building	\$563,033	\$563,033
Building improvements	48,019	27,186
Phone system	12,580	12,580
Furniture and equipment	39,577	29,196
Software	<u>4,200</u>	<u>4,200</u>
	667,409	636,195
Less accumulated depreciation	<u>(86,359)</u>	<u>(57,743)</u>
	<u>\$581,050</u>	<u>\$578,452</u>

NOTE E -- TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2008 in the amount of \$71,581 were for social services.

NOTE F -- PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2009 and 2008 consist of \$489,282 and \$398,442 respectively, for operating uses as described in Note B and Note C.

Interfaith Community Services

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2009 and 2008

NOTE G -- IN-KIND CONTRIBUTIONS

ICS received in-kind contributions consisting of the following for the years ending June 30:

	<u>2009</u>	<u>2008</u>
Food	\$519,924	\$415,415
Volunteer mileage	114,301	86,032
Gifts	17,004	11,534
Real property – land lease	<u>39,168</u>	<u>36,816</u>
	<u>\$690,397</u>	<u>\$549,797</u>

All donated items were distributed or consumed during the year.

NOTE H -- CLIENT ASSISTANCE THROUGH CASEWORK

ICS provides assistance to clients needing utility assistance by preparing a “case” for submittal to the appropriate funding entity. ICS interviews the client, determines qualifications, prepares the case and submits the case to the funding entity. Upon approval of the case by the funding entity (usually a government), the funding entity pays the applicable utility company directly. The value of client utility assistance was \$321,434 and \$183,345 for 2009 and 2008, respectively.

NOTE I -- RELATED PARTY TRANSACTIONS

Affiliated Congregations are represented on ICS’s advisory council. Respective members of those affiliated Congregations make contributions to ICS.

ICS “leases” land from a Church for \$1 per year. However, the value of the lease is \$32,785 per year. The lease, which is dated August 18, 2009, has an initial term of 20 years and is renewable at the option of ICS for an additional 20 years. Also ICS “leases” space in a building owned by another Church at no cost per year. The value of that lease is \$6,383 per year. The lease is on a year-to-year basis. Both amounts have been recorded as lease expense. Both Churches have one of their members on ICS’s advisory council.

NOTE J -- CONCENTRATIONS

ICS maintains cash balances in two financial institutions in Tucson, Arizona. Cash balances at these institutions are insured up to \$250,000 by the FDIC as of June 30, 2009. At June 30, 2009 ICS had no uninsured bank balances.

NOTE K – RELEASE OF RESTRICTIONS SATISFIED BY PAYMENTS

Of the amounts released from temporary restriction, \$459,400 in 2008 and \$46,580 in 2009 were utilized for the completion of building projects.