



Financial Statements  
with  
Independent Auditors' Report

Years Ended March 31, 2015 and 2014

**IRVING CARES, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Irving Cares, Inc.

We have audited the accompanying financial statements of Irving Cares, Inc. (the Organization), a voluntary health and welfare organization, which comprise the statements of financial position at March 31, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses 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.

### ***Auditors' 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 auditors' 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 Irving Cares, Inc. as of March 31, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Travis Wolff, LLP*

Certified Public Accountants  
October 1, 2015  
Dallas, Texas

**IRVING CARES, INC.**  
 Statements of Financial Position  
 Years Ended March 31, 2015 and 2014

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 183,493	\$ 212,773
Pledges receivable	-	7,000
Inventories	133,688	71,395
Prepaid expenses and other assets	15,369	9,193
<b>Total current assets</b>	<b>332,550</b>	<b>300,361</b>
Property and equipment, net	46,920	59,424
<b>Total assets</b>	<b>\$ 379,470</b>	<b>\$ 359,785</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 12,805	\$ 3,767
Accrued expenses	12,302	13,451
<b>Total current liabilities</b>	<b>25,107</b>	<b>17,218</b>
<b>Commitments and contingencies (Note 6)</b>		
<b>Net assets:</b>		
Unrestricted	110,614	51,182
Temporarily restricted	243,749	291,385
<b>Total net assets</b>	<b>354,363</b>	<b>342,567</b>
<b>Total liabilities and net assets</b>	<b>\$ 379,470</b>	<b>\$ 359,785</b>

See accompanying notes to financial statements.

**IRVING CARES, INC.**  
Statements of Activities  
Years Ended March 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
<b>Revenue and support:</b>						
<b>Public support:</b>						
Contributions:						
Financial assistance	\$ -	\$ 97,764	\$ 97,764	\$ -	\$ 180,174	\$ 180,174
Contributions-in-kind	-	466,808	466,808	-	394,393	394,393
Food pantry	-	129,134	129,134	-	243,249	243,249
Employment services	-	22,898	22,898	-	25,284	25,284
Transportation services	-	1,000	1,000	-	2,260	2,260
General program	-	100,000	100,000	-	100,000	100,000
General and management	487,702	-	487,702	392,306	-	392,306
Special events	336,424	1,550	337,974	325,583	5,390	330,973
	<b>824,126</b>	<b>819,154</b>	<b>1,643,280</b>	<b>717,889</b>	<b>950,750</b>	<b>1,668,639</b>
<b>Other revenue:</b>						
Interest and other	100	-	100	463	-	463
Net assets released from restrictions	866,790	(866,790)	-	1,139,907	(1,139,907)	-
<b>Total revenue and support</b>	<b>1,691,016</b>	<b>(47,636)</b>	<b>1,643,380</b>	<b>1,858,259</b>	<b>(189,157)</b>	<b>1,669,102</b>
<b>Expenses:</b>						
Program services	1,318,173	-	1,318,173	1,511,858	-	1,511,858
Management and general	124,074	-	124,074	134,594	-	134,594
Fundraising	189,337	-	189,337	183,466	-	183,466
<b>Total expenses</b>	<b>1,631,584</b>	<b>-</b>	<b>1,631,584</b>	<b>1,829,918</b>	<b>-</b>	<b>1,829,918</b>
<b>Change in net assets</b>	<b>59,432</b>	<b>(47,636)</b>	<b>11,796</b>	<b>28,341</b>	<b>(189,157)</b>	<b>(160,816)</b>
<b>Net assets, beginning of the year</b>	<b>51,182</b>	<b>291,385</b>	<b>342,567</b>	<b>22,841</b>	<b>480,542</b>	<b>503,383</b>
<b>Net assets, end of year</b>	<b>\$ 110,614</b>	<b>\$ 243,749</b>	<b>\$ 354,363</b>	<b>\$ 51,182</b>	<b>\$ 291,385</b>	<b>\$ 342,567</b>

See accompanying notes to financial statements.

**IRVING CARES, INC.**  
 Statements of Cash Flows  
 Years Ended March 31, 2015 and 2014

	<b>2015</b>	<b>2014</b>
<b>Cash flows used in operating activities:</b>		
Change in net assets	\$ 11,796	\$ (160,816)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	19,581	20,069
Changes in operating assets and liabilities:		
Pledges receivable	7,000	(7,000)
Inventories	(62,293)	50,877
Prepaid expenses and other assets	(6,176)	(478)
Accounts payable	9,038	(2,136)
Accrued expenses	(1,149)	(8,623)
	<b>(22,203)</b>	<b>(108,107)</b>
<b>Cash flow used in investing activities:</b>		
Purchases of property and equipment	(7,077)	(54,778)
	<b>(7,077)</b>	<b>(54,778)</b>
<b>Net change in cash and cash equivalents</b>	<b>(29,280)</b>	<b>(162,885)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>212,773</b>	<b>375,658</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 183,493</b>	<b>\$ 212,773</b>

See accompanying notes to financial statements.

**IRVING CARES, INC.**  
Statements of Functional Expenses  
Years Ended March 31, 2015 and 2014

	2015				2014			
	Program services	Management and general	Fundraising	Total	Program services	Management and general	Fundraising	Total
Salaries	\$ 413,404	\$ 74,348	\$ 79,170	\$ 566,922	\$ 386,887	\$ 83,885	\$ 79,958	\$ 550,730
Employee health and retirement benefits	15,464	4,072	1,796	21,332	24,689	-	7,852	32,541
<b>Total employee compensation</b>	<b>428,868</b>	<b>78,420</b>	<b>80,966</b>	<b>588,254</b>	<b>411,576</b>	<b>83,885</b>	<b>87,810</b>	<b>583,271</b>
Financial assistance housing	78,685	-	-	78,685	164,605	-	-	164,605
Financial assistance utilities	81,005	-	-	81,005	114,301	-	-	114,301
Financial assistance other	2,566	-	-	2,566	6,080	-	-	6,080
Financial assistance prescriptions	1,765	-	-	1,765	2,656	-	-	2,656
Food purchases	210,806	-	-	210,806	249,218	-	-	249,218
Distribution of food	379,515	-	-	379,515	445,270	-	-	445,270
Employment assistance	22,414	-	-	22,414	17,009	-	-	17,009
Professional services	3,278	16,128	28,451	47,857	224	14,450	11,193	25,867
Maintenance	12,478	1,195	285	13,958	14,274	886	224	15,384
Equipment rental	9,912	1,069	1,069	12,050	13,345	1,091	1,091	15,527
Technology	1,726	3,445	3,728	8,899	6,989	3,649	3,707	14,345
Rent	21,250	3,000	750	25,000	8,854	1,250	313	10,417
Events and programs	-	-	54,024	54,024	-	-	61,047	61,047
Conference, conventions, networking	874	839	610	2,323	2,125	718	438	3,281
Education	921	325	1,121	2,367	1,842	509	1,589	3,940
Subscriptions	-	-	1,845	1,845	-	40	1,665	1,705
Travel	-	-	-	-	-	-	1,075	1,075
Dues	1,889	232	724	2,845	1,478	233	684	2,395
Insurance	8,227	2,653	600	11,480	7,001	4,431	512	11,944
Graphic design	1,981	308	861	3,150	1,141	379	731	2,251
Phone	7,525	758	794	9,077	6,538	895	705	8,138
Office supplies	2,977	768	234	3,979	4,105	1,256	344	5,705
Printing	12,856	2,966	4,927	20,749	12,396	2,837	7,658	22,891
Postage	4,111	3,847	1,733	9,691	2,920	3,324	2,371	8,615
Depreciation	17,455	1,010	657	19,122	10,560	9,200	309	20,069
Miscellaneous and other	5,089	7,111	5,958	18,158	7,351	5,561	-	12,912
	<u>\$ 1,318,173</u>	<u>\$ 124,074</u>	<u>\$ 189,337</u>	<u>\$ 1,631,584</u>	<u>\$ 1,511,858</u>	<u>\$ 134,594</u>	<u>\$ 183,466</u>	<u>\$ 1,829,918</u>

See accompanying notes to financial statements.

**IRVING CARES, INC.**  
Notes to Financial Statements  
March 31, 2015 and 2014

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**Note 1 - Organization and Summary of Significant Accounting Policies**

***Organization***

Irving Cares, Inc. (the Organization), a voluntary health and welfare organization, was formed in the state of Texas in 1957 to perform acts of charity by providing assistance to needy and destitute families and dependent neglected children. Assistance is provided to Irving residents in the form of financial assistance, food, prescriptions, job searches, and information and referral. The Organization is a partner agency with the United Way of Metropolitan Dallas (United Way) and is primarily supported by its partnership with the United Way, fund raisers, and donors.

***Subsequent events***

Management has evaluated subsequent events through October 1, 2015, the date the financial statements were available to be issued.

***Basis of presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets of the Organization are classified and reported as follows:

- *Unrestricted net assets*: net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
- *Temporarily restricted net assets*: net assets subject to donor-imposed stipulations that may be, or will be, met by the occurrence of a specific event or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions and other assets limited to specific uses by donor-imposed restrictions are reported as temporarily restricted net assets even if the restrictions are met in the same period the contributions and other assets are recognized.
- *Permanently restricted net assets*: net assets subject to donor-imposed stipulations to be maintained in perpetuity by the Organization.

***Cash equivalents***

The Organization considers all highly-liquid investments with maturities of three months or less, when purchased, to be cash equivalents. Cash equivalents as of the years ended March 31, 2015 and 2014, consisted of money market accounts.

***Pledges receivable***

The Organization maintains receivables due from various contributors. An allowance for doubtful accounts is established through a provision for bad debts, charged to expense, and represents management's best estimate of possible losses that may occur within the pledges receivable portfolio. There were no estimated losses charged to bad debt expense during the years ended March 31, 2015 or 2014, and no allowance for doubtful accounts was required as of March 31, 2015 or 2014, respectively.



**IRVING CARES, INC.**  
Notes to Financial Statements  
March 31, 2015 and 2014

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**Note 1 - Organization and Summary of Significant Accounting Policies - (Continued)**

***Contributions***

Unconditional promises to give by donors are recorded as pledges receivable and contribution revenue when promises are made or donated items are received, and are immediately available for unrestricted use unless specifically restricted by the donor. Unconditional promises expected to be collected within one year are recorded at net realizable value. Unconditional promises expected to be collected in future years are recorded at their fair values.

Conditional promises to give are recognized when the conditions on which such promises depend are substantially met.

***Inventories***

The majority of the Organization's inventories are food item donations obtained from the public. These items are recorded at estimated fair value, which approximates the estimated selling price. Fair value is based on an average cost per pound for the type of food items in the organization's inventories requires, as determined by a nationally recognized hunger-relief charity.

***Donated materials and contributed services***

Donated materials are recorded in the accompanying financial statements as contribution revenue with offsetting expenses or capitalized assets at their estimated fair value at the date of receipt. Donated materials are valued using industry standard per-pound pricing values and the related expense is recorded at the time the donated materials are distributed.

The Organization received food donations of approximately \$442,000 and \$394,000 for the years ended March 31, 2015 and 2014, respectively. The Organization received free rent of approximately \$25,000 for the year ended March 31, 2015.

Contributed services are reflected in the financial statements at the estimated fair value of the services received if they (a) create or enhance nonfinancial assets or (b) require and are provided by individuals with specialized skills and, if not provided by donation, would typically need to be purchased. For the years ended March 31, 2015 and 2014, there were no contributed services recorded.

***Property and equipment***

Property and equipment is carried at cost, if purchased, or fair value at the date of gift, if donated. The Organization capitalizes all donations of and expenditures for property and equipment in excess of \$1,000. Upon retirement or sale, the cost of assets disposed of, and the related accumulated depreciation, are removed from the accounts and any resulting gain or loss is recorded as other income. Repairs and maintenance costs are expensed as incurred. Depreciation of property and equipment is provided on the straight-line method over the estimated useful lives of the assets which range from four to ten years.

**IRVING CARES, INC.**  
Notes to Financial Statements  
March 31, 2015 and 2014

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**Note 1 - Organization and Summary of Significant Accounting Policies - (Continued)**

***Federal income taxes***

Irving Cares, Inc. is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent the entity has unrelated business income. The Organization did not have any taxable unrelated business income during the years ended March 31, 2015 and 2014.

The Organization follows the provisions of *Accounting for Uncertainty in Income Taxes* (FASB Codification ASC Section 740-10). The amount of income taxes the Organization pays is subject to ongoing audits by federal and state tax authorities. As of the years ended March 31, 2015 and 2014, the Organization is no longer subject to federal, state and local income tax examinations by tax authorities for years before 2012.

The Organization's estimate of the potential outcome of any uncertain tax issues is subject to management's assessment of relevant risks, facts, and circumstances existing at that time. The Organization uses a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. To the extent that the Organization's assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made. The Organization reports tax-related interest and penalties, if applicable, as a component of income tax expense as incurred. As of the years ended March 31, 2015 and 2014, no uncertain tax positions have been identified and, therefore, no amounts have been recognized in the accompanying financial statements.

***Functional allocation of expenses***

The costs of providing the various programs and supporting services have been summarized in the statements of activities and functional expenses. Accordingly, certain functional costs have been allocated among the programs and supporting services benefited.

***Management estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support, and expenses during the reporting periods. Significant estimates made in preparing the financial statements include allocation of functional expenses, and valuation of donated foods. Accordingly, actual results may vary from management's estimates.

***Fair value of financial instruments***

The Organization's financial instruments consist of cash and cash equivalents and pledges receivable. These financial instruments are stated at cost, which approximates fair value due to the short-term nature of the assets.

***Concentrations of credit risk***

Financial instruments exposed to concentrations of credit risk consisted primarily of cash, cash equivalents, and pledges receivable. The Organization did not incur, and does not anticipate incurring, losses related to these balances.

There were no donor organizations that contributed 10% or more during the year ended March 31, 2015 and 2014.

**IRVING CARES, INC.**  
Notes to Financial Statements  
March 31, 2015 and 2014

**Note 2 - Property and Equipment**

Property and equipment consisted of the following as of March 31:

	<b>2015</b>	<b>2014</b>
Computers and equipment (4 to 5 year life)	\$ 143,413	\$ 136,336
Office equipment (5 to 7 year life)	51,300	51,300
Transportation equipment (7 to 10 year life)	27,690	27,690
	<b>222,403</b>	<b>215,326</b>
Less accumulated depreciation	(175,483)	(155,902)
<b>Total property and equipment</b>	<b>\$ 46,920</b>	<b>\$ 59,424</b>

Depreciation expense for the years ended March 31, 2015 and 2014 was \$19,122 and \$20,069, respectively.

**Note 3 - Retirement Plan**

The Organization offers its employees participation in a SIMPLE (Savings Incentive Match Plan for Employees) IRA plan. All employees with at least \$5,000 in compensation are eligible. Employees may contribute up to \$14,000, based on age, per year, and the Organization will make a contribution of up to 3% of the employee's compensation. The Organization's contribution expense was approximately \$20,000 for the years ended March 31, 2015 and 2014, respectively.

**Note 4 - Net Assets**

Temporarily restricted net assets are available for the following purposes at March 31:

	<b>2015</b>	<b>2014</b>
Financial assistance	\$ 78,517	\$ 134,914
Food pantry and other	165,232	156,471
<b>Total temporarily restricted net assets</b>	<b>\$ 243,749</b>	<b>\$ 291,385</b>

**IRVING CARES, INC.**  
Notes to Financial Statements  
March 31, 2015 and 2014

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**Note 4 - Net Assets - (Continued)**

The Organization released the following net assets from donor restrictions by incurring expenses that satisfied the restricted purposes during the years ended March 31:

	<u>2015</u>	<u>2014</u>
Financial assistance	\$ 154,162	\$ 272,047
Food pantry	666,194	718,494
Rent	25,000	-
Employment assistance	17,884	15,378
Transportation	1,000	2,260
Technology project	-	27,338
Management and general	<u>2,550</u>	<u>104,390</u>
<b>Total net assets released from restrictions</b>	<b>\$ <u>866,790</u></b>	<b>\$ <u>1,139,907</u></b>

**Note 5 - Related Party Transactions**

For the years ended March 31, 2015 and 2014, the Organization received contributions in the amount of approximately \$58,009 and \$42,638, respectively, from employees of the Organization and members of the board of directors of the Organization. These amounts are included in contribution revenue in the statement of activities.

**Note 6 - Commitments and Contingencies**

***Leases***

As of November 13, 2014, The City Council of the City of Irving, Texas agreed to waive the lease payments for Irving Cares, Inc., in consideration of assistance for not less than 10,000 City of Irving residents per year. The previous lease agreement was terminated and lease payments ceased immediately. The lease for the building was extended for Irving Cares, Inc. for an additional five year term, through August 1, 2021, with no lease payments due through that date.

The Organization currently leases certain office equipment under non-cancelable operating leases. Total expense related to the lease of this equipment through the fiscal year end was approximately \$11,000 and \$10,000 for the years ended March 31, 2015 and 2014, respectively. Future minimum lease payments totaling approximately \$16,000 are due through fiscal year 2017 under the lease agreement; approximately \$9,000 due in fiscal year 2016 and \$7,000 due in fiscal year 2017.