



Financial Statements  
with  
Independent Auditors' Report

Years Ended March 31, 2014 and 2013

# IRVING CARES, INC.

## Table of Contents

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	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7 - 13

## **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, 2014 and 2013, 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, 2014 and 2013, 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

July 29, 2014

Dallas, Texas

## IRVING CARES, INC.

### Statements of Financial Position Years Ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 212,773	\$ 375,658
Pledges receivable	7,000	-
Inventories	71,395	122,272
Prepaid expenses and other assets	<u>9,193</u>	<u>8,715</u>
Total current assets	300,361	506,645
Property and equipment, net	<u>59,424</u>	<u>24,715</u>
Total assets	<u>\$ 359,785</u>	<u>\$ 531,360</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 3,767	\$ 5,903
Accrued expenses	<u>13,451</u>	<u>22,074</u>
Total current liabilities	17,218	27,977
<b>Commitments and contingencies (Note 6)</b>		
<b>Net assets:</b>		
Unrestricted	51,182	22,841
Temporarily restricted	<u>291,385</u>	<u>480,542</u>
Total net assets	<u>342,567</u>	<u>503,383</u>
Total liabilities and net assets	<u>\$ 359,785</u>	<u>\$ 531,360</u>

See accompanying notes to financial statements.

**IRVING CARES, INC.**

Statements of Activities  
Years Ended March 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
<b>Revenue and support:</b>						
Public support:						
Contributions:						
Financial assistance	\$ -	\$ 180,174	\$ 180,174	\$ -	\$ 298,709	\$ 298,709
Food-in-kind	-	394,393	394,393	-	473,186	473,186
Food pantry	-	243,249	243,249	-	249,815	249,815
Employment services	-	25,284	25,284	-	27,528	27,528
Transportation services	-	2,260	2,260	-	25	25
General program	-	100,000	100,000	-	104,284	104,284
General and management	392,306	-	392,306	227,872	-	227,872
Special events	325,583	5,390	330,973	274,399	-	274,399
	<u>717,889</u>	<u>950,750</u>	<u>1,668,639</u>	<u>502,271</u>	<u>1,153,547</u>	<u>1,655,818</u>
Other revenue:						
Interest and other	463	-	463	869	-	869
Net assets released from restrictions	1,139,907	(1,139,907)	-	1,005,158	(1,005,158)	-
	<u>1,858,259</u>	<u>(189,157)</u>	<u>1,669,102</u>	<u>1,508,298</u>	<u>148,389</u>	<u>1,656,687</u>
<b>Expenses:</b>						
Program services	1,511,858	-	1,511,858	1,401,320	-	1,401,320
Management and general	134,594	-	134,594	109,360	-	109,360
Fundraising	183,466	-	183,466	149,291	-	149,291
	<u>1,829,918</u>	<u>-</u>	<u>1,829,918</u>	<u>1,659,971</u>	<u>-</u>	<u>1,659,971</u>
<b>Change in net assets</b>	<b>28,341</b>	<b>(189,157)</b>	<b>(160,816)</b>	<b>(151,673)</b>	<b>148,389</b>	<b>(3,284)</b>
Net assets, beginning of the year	<u>22,841</u>	<u>480,542</u>	<u>503,383</u>	<u>174,514</u>	<u>332,153</u>	<u>506,667</u>
Net assets, end of year	<u>\$ 51,182</u>	<u>\$ 291,385</u>	<u>\$ 342,567</u>	<u>\$ 22,841</u>	<u>\$ 480,542</u>	<u>\$ 503,383</u>

See accompanying notes to financial statements.

**IRVING CARES, INC.**Statements of Cash Flows  
Years Ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Cash flows used in operating activities:</b>		
Change in net assets	\$ (160,816)	\$ (3,284)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	20,069	13,558
Changes in operating assets and liabilities:		
Pledges receivable	(7,000)	5,000
Inventories	50,877	(42,489)
Prepaid expenses and other assets	(478)	(6,217)
Accounts payable	(2,136)	115
Accrued expenses	(8,623)	1,721
Net cash used in operating activities	(108,107)	(31,596)
<b>Cash flow used in investing activities:</b>		
Purchases of property and equipment	(54,778)	(6,926)
Net cash used in investing activities	(54,778)	(6,926)
Net change in cash and cash equivalents	(162,885)	(38,522)
<b>Cash and cash equivalents, beginning of year</b>	<u>375,658</u>	<u>414,180</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 212,773</u>	<u>\$ 375,658</u>

See accompanying notes to financial statements.

**IRVING CARES, INC.**

Statements of Functional Expenses  
Years Ended March 31, 2014 and 2013

	2014				2013			
	Program services	Management and general	Fundraising	Total	Program services	Management and general	Fundraising	Total
Salaries	\$ 387,111	\$ 83,885	\$ 91,151	\$ 562,147	\$ 388,435	\$ 63,681	\$ 73,634	\$ 525,750
Employee health and retirement benefits	24,689	-	7,852	32,541	10,088	-	4,407	14,495
Total employee compensation	411,800	83,885	99,003	594,688	398,523	63,681	78,041	540,245
Financial assistance rent	164,605	-	-	164,605	108,764	-	-	108,764
Financial assistance utilities	114,301	-	-	114,301	89,536	-	-	89,536
Financial assistance - other	6,080	-	-	6,080	8,880	-	-	8,880
Financial assistance prescriptions	2,656	-	-	2,656	1,640	-	-	1,640
Food purchases	249,218	-	-	249,218	237,549	-	-	237,549
Distribution of food	445,270	-	-	445,270	430,697	-	-	430,697
Employment assistance	17,009	-	-	17,009	19,771	-	-	19,771
Professional services	-	14,450	-	14,450	-	14,865	-	14,865
Maintenance	14,274	886	224	15,384	13,705	4,602	301	18,608
Equipment rental	13,345	1,091	1,091	15,527	11,129	1,006	932	13,067
Technology	6,989	3,649	3,707	14,345	3,881	2,153	1,833	7,867
Rent	8,854	1,250	313	10,417	23,021	3,000	813	26,834
Events and programs	-	-	61,047	61,047	-	-	54,810	54,810
Conference, conventions, networking	2,125	718	438	3,281	318	858	791	1,967
Education	1,842	509	1,589	3,940	480	692	1,197	2,369
Subscriptions	-	40	1,665	1,705	-	-	1,741	1,741
Travel	-	-	1,075	1,075	-	-	575	575
Dues	1,478	233	684	2,395	1,109	160	680	1,949
Insurance	7,001	4,431	512	11,944	6,789	4,059	514	11,362
Graphic design	1,141	379	731	2,251	-	193	316	509
Phone	6,538	895	705	8,138	7,276	736	736	8,748
Office supplies	4,105	1,256	344	5,705	7,123	876	645	8,644
Printing	12,396	2,837	7,658	22,891	10,412	4,003	3,681	18,096
Postage	2,920	3,324	2,371	8,615	2,413	2,289	1,644	6,346
Depreciation	10,560	9,200	309	20,069	12,790	727	41	13,558
Miscellaneous and other	7,351	5,561	-	12,912	5,514	5,460	-	10,974
	<u>\$ 1,511,858</u>	<u>\$ 134,594</u>	<u>\$ 183,466</u>	<u>\$ 1,829,918</u>	<u>\$ 1,401,320</u>	<u>\$ 109,360</u>	<u>\$ 149,291</u>	<u>\$ 1,659,971</u>

See accompanying notes to financial statements.



## IRVING CARES, INC.

Notes to Financial Statements  
Years Ended March 31, 2014 and 2013

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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 transportation. 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 July 29, 2014, 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.

## IRVING CARES, INC.

Notes to Financial Statements  
Years Ended March 31, 2014 and 2013

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

#### ***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, 2014 and 2013, 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, 2014 of 2013, and no allowance for doubtful accounts was required as of March 31, 2014 or 2013, respectively.

#### ***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.

## IRVING CARES, INC.

Notes to Financial Statements  
Years Ended March 31, 2014 and 2013

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

#### ***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 \$394,000 and \$473,000 for the years ended March 31, 2014 and 2013, respectively.

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, 2014 and 2013, 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.

#### ***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, 2014 and 2013.

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, 2014 and 2013, the Organization is no longer subject to federal, state and local income tax examinations by tax authorities for years before 2010.

## IRVING CARES, INC.

Notes to Financial Statements  
Years Ended March 31, 2014 and 2013

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

#### ***Federal income taxes - continued***

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, 2014 and 2013, 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.

## IRVING CARES, INC.

Notes to Financial Statements  
Years Ended March 31, 2014 and 2013

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

#### *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.

Pledges receivable as of the year ended March 31, 2014, consisted of one donor. There were no donor organizations that contributed 10% or more during the year ended March 31, 2014 and 2013.

### **Note 2 - Property and Equipment**

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

	<u>2014</u>	<u>2013</u>
Computers & equipment (4 to 5 year life)	\$ 136,336	\$ 81,558
Office equipment (5 to 7 year life)	51,300	51,300
Transportation equipment (7 to 10 year life)	<u>27,690</u>	<u>27,690</u>
	<b>215,326</b>	160,548
Less accumulated depreciation	<u>(155,902)</u>	<u>(135,833)</u>
	<b>\$ 59,424</b>	<b>\$ 24,715</b>

Depreciation expense for the years ended March 31, 2014 and 2013 was \$20,069 and \$13,588, 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 for the years ended March 31, 2014 and 2013 was approximately \$20,000 and \$18,000, respectively.

## IRVING CARES, INC.

Notes to Financial Statements  
Years Ended March 31, 2014 and 2013

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### Note 4 - Net Assets

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

	<u>2014</u>	<u>2013</u>
Financial assistance	\$ 134,914	\$ 226,787
Food pantry and other	<u>156,471</u>	<u>253,755</u>
Total temporarily restricted net assets	<u>\$ 291,385</u>	<u>\$ 480,542</u>

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>2014</u>	<u>2013</u>
Financial assistance	\$ 272,047	\$ 317,250
Food pantry	718,494	647,243
Employment assistance	15,378	28,911
Transportation	2,260	8,651
Technology project	27,338	2,662
Management and general	<u>104,390</u>	<u>441</u>
Total net assets released from restrictions	<u>\$ 1,139,907</u>	<u>\$ 1,005,158</u>

### Note 5 - Related Party Transactions

One board member is employed by a bank used by the Organization as a depository.

For the years ended March 31, 2014 and 2013, the Organization received contributions in the amount of approximately \$42,638 and \$21,000, 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.

## IRVING CARES, INC.

Notes to Financial Statements  
Years Ended March 31, 2014 and 2013

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### **Note 6 - Commitments and Contingencies**

#### *Leases*

The Organization leases its location under a non-cancelable operating lease through August 1, 2016. Under the 15-year lease, the Organization pays \$2,083 per month including utilities and insurance. Total rent expense was approximately \$23,000 for the years ended March 31, 2014 and 2013, respectively. Future minimum lease payments totaling approximately \$42,000 are due through 2016 under this lease agreement, with \$24,996 becoming due in fiscal years 2015, and \$16,664 becoming due in fiscal year 2016.

The Organization currently leases certain office equipment under non-cancelable operating leases. Total rent expense was approximately \$16,000 and \$13,000 for the years ended March 31, 2014 and 2013, respectively. Future minimum lease payments totaling approximately \$43,000 are due through fiscal year 2019 under these lease agreements; approximately \$9,000 due in each fiscal year 2015 through 2018, and \$7,000 due in fiscal year 2019.