

ENTITY No. 43-2048618

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**IRVING CARES, INC.**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

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**IRVING CARES, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

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Ranjeet Koirala CPA PC  
Certified Public Accountants

P: (972) 203-7837  
E: rk@rkcpa.net

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Irving Cares, Inc.

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Irving Cares, Inc., (hereafter referred to as "the Organization"), which comprise the statements of financial position as of March 31, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **MANAGEMENT'S RESPONSIBILITY**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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, 2019, and the results of its operations and changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Ranjeet Koirala CPA PC". The signature is written in a cursive, flowing style.

Ranjeet Koirala CPA PC  
Irving, Texas  
September 26, 2019

IRVING CARES, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF MARCH 31, 2019

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<b>ASSETS</b>	<b>2019</b>
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 139,323
Inventories	57,395
Pledge Receivable	13,199
Prepaid Expenses	2,476
	<hr/>
TOTAL CURRENT ASSETS	212,393
Property and Equipment, net	25,547
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<b>TOTAL ASSETS</b>	<b>\$ 237,940</b>
	<hr/> <hr/>
<b>LIABILITIES &amp; NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	\$ 265
Accrued Expenses	25,461
	<hr/>
TOTAL CURRENT LIABILITIES	25,726
	<hr/>
TOTAL LIABILITIES	25,726
	<hr/>
<b>NET ASSETS</b>	
Net Assets without Donor Restrictions	(69,075)
Net Assets with Donor Restrictions	281,289
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TOTAL NET ASSETS	212,214
	<hr/>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 237,940</b>
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The accompanying notes are an integral part of these financial statements.

IRVING CARES, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2019

	<b>2019</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT CONTRIBUTIONS</b>			
Financial assistance	\$	\$ 151,317	\$ 151,317
Contributions-in-kind		807,272	807,272
Food Pantry		126,486	126,486
Employment services		53,736	53,736
Other			
General program	18,333		18,333
General and management	377,916		377,916
Special events	305,588		305,588
Total contributions	701,837	1,138,811	1,840,648
Interest and other	47		47
Net assets released from restriction	1,078,664	(1,078,664)	-
Total revenues, gains and other support	1,780,548	60,147	1,840,695
<b>FUNCTIONAL EXPENSES</b>			
Program Services	1,509,832		1,509,832
Management and General	115,903		115,903
Fundraising Expenses	177,419		177,419
TOTAL EXPENSES	1,803,154		1,803,154
(DECREASE)/ INCREASE IN NET ASSETS	(22,606)	60,147	37,541
NET ASSETS- BEGINNING OF YEAR	(46,469)	221,142	174,673
<b>NET ASSETS- END OF YEAR</b>	<b>\$ (69,075)</b>	<b>\$ 281,289</b>	<b>\$ 212,214</b>

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

IRVING CARES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2019

Description	2019			
	Program Expenses	Management and General Expenses	Fund Raising Expenses	Total
Distribution of food	\$ 698,257	-	-	698,257
Salaries	359,042	50,470	88,192	497,704
Financial assistance housing	124,368	-	-	124,368
Food Purchase	101,661	-	-	101,661
Rent	76,500	10,800	2,700	90,000
Events and programs	-	-	65,148	65,148
Utilities	53,565	-	-	53,565
Maintenance	14,449	9,479	305	24,233
Professional services	-	21,647	-	21,647
Employment assistance	18,521	-	-	18,521
Depreciation	15,386	845	676	16,907
Insurance	7,849	5,237	978	14,064
Miscellaneous and other	2,723	8,727	78	11,528
Equipment rental	9,013	1,205	1,165	11,383
Employee health & retirement benefits	3,805	3,279	4,287	11,371
Telephone	8,814	1,019	1,203	11,036
Printing	3,397	850	5,004	9,251
Technology	5,076	-	3,829	8,905
Office supplies	2,810	-	316	3,126
Postage	1,575	385	1,130	3,090
Dues	-	1,851	461	2,312
Financial assistance other	1,820	50	-	1,870
Subscriptions	-	-	1,777	1,777
Financial assistance prescriptions	788	-	-	788
Graphic design	413	59	118	590
Conferences, conventions, networking	-	-	52	52
<b>Total Expenses</b>	<b>\$ 1,509,832</b>	<b>\$ 115,903</b>	<b>\$ 177,419</b>	<b>\$ 1,803,154</b>

The accompanying notes are an integral part of these financial statements

IRVING CARES, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2019

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<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	<b><u>2019</u></b>
INCREASE/(DECREASE) IN NET ASSETS	\$ 37,541
Adjustments to reconcile Net Increase/(Decrease) in Net Assets to net cash provided by operating activities:	
Depreciation	16,907
Changes in Operating assets and liabilities	
Pledge Receivable	(13,199)
Inventories	(19,015)
Prepaid Expenses	2,365
Accounts Payable	(5,355)
Accrued Expenses	(27,843)
CASH USED BY OPERATING ACTIVITIES	<u>(8,599)</u>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
Acquisition of Equipment Furniture & Fixtures	(6,584)
CASH USED BY INVESTING ACTIVITIES	<u>(6,584)</u>
Change in Cash and Cash Equivalents	(15,183)
BEGINNING CASH BALANCE	154,506
ENDING CASH BALANCE	<u><u>\$ 139,323</u></u>

The accompanying notes are an integral part of these financial statements



**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 1: NATURE OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Incorporation & Nature of Operations***

Irving Cares, Inc., was organized on October 25, 1963, pursuant to the incorporation laws of the State of Texas to establish and operate a corporation as a non-profit Organization under section 501(c)(3) of the Internal Revenue Code of 1986.

***Principal Activity***

Irving Cares, Inc. is a voluntary health and welfare organization, formed 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 primarily supported by fund-raising activities and donors.

A) *Form of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (US GAAP). 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. Revenues and gains are recognized when earned, and expenditures and losses are recognized when incurred.

B) *Classification and Reporting of Net Assets*

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

i. *Net Assets without Donor Restrictions*

Net assets that are not subject to donor-imposed stipulations. Net assets received and expended within the reporting period are reported in the Statement of Activities as unrestricted support and revenue.

ii. *Net Assets with Donor Restrictions*

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Net assets with donor restrictions whose restrictions are satisfied in the same year of receipt are treated as net assets without donor restrictions.

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*C) Contributions, Gains and Other Support*

Contributions are recognized when received from the donor. Contributions not restricted by donors are reported as increases in net assets not restricted by donor in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets restricted by donors depending on the nature of the restrictions. When a restriction expires, donor restricted assets are reclassified to net assets without donor restriction. 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 use without restriction 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.

*D) Cash and Cash Equivalents*

For purposes of reporting cash flows, cash equivalents include highly liquid assets with an original maturity of three months or less. Cash and Cash Equivalents consist of cash on hand, checking, and money market accounts.

*E) Functional Expenses*

The costs of providing programs and activities have been summarized on a functional basis in the accompanying statements of activities all program services. Expenses are charged directly to program services or supporting services categories based on direct expenses incurred. An expense not directly chargeable to a functional expense category is allocated based on personnel activity, square footage, and other criteria.

*F) Concentrations of Credit Risk*

The Organization maintains its cash balances at various local financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to the legal limits of \$250,000 per financial Organization. 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.

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*G) Property and Equipment*

Property and Equipment are stated at cost, net of accumulated depreciation. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method over the estimated useful asset lives.

*H) Advertising Costs*

Advertising costs, except for direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are to be received. There were no direct-response advertising costs for the current fiscal year.

*I) Use of 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

*J) Concentration of Economic Dependency*

The Organization derives a significant portion of its revenue from individual contributions and corporate grants.

*K) Uncertain Tax Positions*

The Organization accounts for uncertain tax positions in accordance with FASB ASC 740.

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*L) Fair Value Measurement*

The Organization reports its qualified assets and liabilities in accordance with the Fair Value Measurements and Disclosure Standards and accounting principles generally accepted in the United States. These standards define fair value, establish a framework for measuring fair value, and expand disclosures about fair value measurements. This policy establishes a Fair Value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value hierarchy and a description of the valuation techniques used for instruments measured at fair value are as follows:

- Level 1- Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date.
- Level 2- Pricing inputs other than quoted prices included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date.
- Level 3- Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed techniques that result in management's best estimate of fair value.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The Organization's qualifying assets or liabilities are recorded at fair value using Level 1 inputs.

*M) Subsequent Events*

The Organization evaluates subsequent events through September 26, 2019, the date of this report. No material subsequent events have occurred that require recognition or disclosure in these financial statements.

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 2: PLEDGES RECEIVABLE**

The Organization maintains receivables due from various contributors. The Organization has established an allowance for doubtful accounts 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, 2019, and no allowance for doubtful accounts was required as of March 31, 2019. As of March 31, 2019, the pledge receivable was \$13,199.

**NOTE 3: PROPERTY AND EQUIPMENT**

Physical property and equipment are stated on the balance sheet at cost at date of acquisition or, in the case of gifts, fair market value at date of donation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Useful lives of the assets ranged from four to ten years.

*Disposal / Retirement*

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.

*Classification*

The major classification of property and equipment as of March 31, 2019, was as follows:

Assets	2019
Computers and equipment	\$ 182,577
Office equipment	51,300
Transportation equipment	10,957
	<u>\$ 244,834</u>
Less accumulated depreciation	(219,287)
	<u>\$ 25,547</u>
Depreciation	\$ 16,907

*Capitalization*

Expenditures for maintenance and repairs are charged to expenses, whereas major betterments are capitalized. The Organization capitalizes property and equipment with useful life of greater than one year for costs in excess of \$1,000.

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 4: DONATED MATERIALS AND CONTRIBUTED SERVICES**

Donated materials are recorded in the accompanying financial statements as contribution revenue with offsetting as capitalized assets until the donated materials are distributed at which time, they are expensed. The donated materials are valued at their estimated fair value at the date of receipt using industry standard pricing values.

*Food Donation*

The Organization received food donations of \$717,272 for the year ended March 31, 2019.

*Rent in-kind*

The Organization received free rent of \$90,000 for the year ended March 31, 2019, from City of Irving.

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 year ended March 31, 2019, there were no contributed services recorded.

**NOTE 5: ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses balances as of March 31, 2019, were as detailed below:

	<b>2019</b>
Accrued Expenses	\$ 15,089
Payroll Payable	2,436
Accrued Vacation Payable	7,936
Other Payable	<u>265</u>
	<u>\$ 25,726</u>

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS**

*Contributions*

Contributions with donor restrictions received during the year ended March 31, 2019, were as follows:

**Contributions with donor restrictions**

Financial assistance	\$ 151,317
Contributions-in-kind	807,272
Food Pantry	126,486
Employment services	53,736
	<u>\$ 1,138,811</u>

*Released Net Assets*

Net assets with donor restrictions released from restriction during the year ended March 31, 2019, were as follows:

**Released Net Assets with donor restrictions**

Financial assistance	\$ 172,307
Contributions-in-kind	90,000
Food Pantry	793,216
Employment services	18,521
General program	4,620
	<u>\$ 1,078,664</u>

As of March 31, 2019, net assets with donor restrictions consist of the following:

**Net Assets with donor restrictions**

Financial assistance	\$ 90,193
Food Pantry	191,096
	<u>\$ 281,289</u>

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 7: NET ASSETS**

Organization's net assets as of March 31, 2019, were as follows:

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of April 1, 2018	\$ (46,469)	\$ 221,142	\$ 174,673
Revenues, gains and other support	\$ 701,884	1,138,811	\$ 1,840,695
Expense	(1,803,154)	-	(1,803,154)
Released during the year	1,078,664	(1,078,664)	-
Balance as of March 31, 2019	\$ (69,075)	\$ 281,289	\$ 212,214

**NOTE 8: REVENUE CONCENTRATION**

The Organization received significant revenue from individual, other entities and corporate business grants during the fiscal year ended March 31, 2019. Should these grants be reduced or eliminated in future, this could adversely affect the Organization's financial position. Management believes the contributions related risk is minimal as the contributions are received from large number of donors. During the fiscal year ended March 31, 2019, there were no donors (individual or organizations) that contributed ten percent (10%) or more.

**NOTE 9: INCOME TAXES**

The Organization is a nonprofit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and classified by the Internal Revenue Service (IRS) as other than a private organization. Donors may deduct contributions made to the Organization within IRC Regulations. Contributions received qualify as tax deductible gifts as provided in Section 509(a)(2). Income taxes have been reflected in the Organization's Federal Form 990, *Return of Organization Exempt From Income Tax*. Tax returns are subject to examination by the IRS for three years after they were filed. Currently, the Organization is not aware of any such examinations.



**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 10: RELATED PARTY TRANSACTIONS**

The Organization had following related party transactions during the fiscal year ended March 31, 2019:

***Contributions***

The Organization received contributions of \$131,689 from members of the board of directors and employees of the Organization during the fiscal year ended March 31, 2019. These amounts are included in contribution revenue in the accompanying statement of activities.

**NOTE 11: VACATION ACCRUAL**

The Organization has a policy that allows employees to carry over accumulated vacation time off. Unused vacation time will have to be paid to the employee at time of termination. This policy creates a liability for the Organization. Based on the employee benefit policy, the Organization has an accrued liability of \$7,936 as of March 31, 2019.

**NOTE 12: 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 \$12,039 for the year ended March 31, 2019.

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

As of November 13, 2014, The City Council of the City of Irving, Texas agreed to waive the lease payments for the Organization, 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 the Organization for an additional five-year term, through August 1, 2021, with no lease payments due through that date. Because the space has a rental value of approximately \$90,000 annually, based on the original rental agreement with the Organization and the City of Irving, this rental waiver will be considered an in-kind contribution in the amount of \$90,000 for rent waived from April 1, 2018 through March 31, 2019.

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 \$11,383 for the year ended March 31, 2019. Future minimum lease payments totaling \$26,290 are due through fiscal year 2022 under the lease agreement; \$19,958 is due in fiscal year 2019 through fiscal year 2021 and \$6,693 due in fiscal year 2022.

**NOTE 14: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has adopted the ASU 2016-14 standards for identifying the liquidity required to meet the expected expenses within the next twelve months, after the date of this report. The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

<u>Financial Assets at year end</u>		
Cash and Cash Equivalents	\$ 139,323	
Pledge Receivable	<u>13,199</u>	
		152,522
<u>Less:</u>		
Those unavailable for general expenditures within one year, due to:		
Purpose and time restrictions		(2,904)
Financial assets available to meet cash needs for general expenditures within one year		<u><u>\$ 149,618</u></u>