

FEIN: 75-1436937

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**IRVING CARES, INC.**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

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**IRVING CARES, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

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Certified Public Accountants

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## **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, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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, 2020 and 2019, and the results of its operations and changes in net assets and its cash flows for the years 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 11, 2020

IRVING CARES, INC.  
STATEMENTS OF FINANCIAL POSITION  
AS OF MARCH 31, 2020 AND 2019

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<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 138,624	\$ 139,323
Inventories	86,563	57,395
Pledge Receivable	1,500	13,199
Prepaid Expenses	8,977	2,476
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	235,664	212,393
Property and Equipment, net	33,799	25,547
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 269,463</b>	<b>\$ 237,940</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts Payable	\$ 629	\$ 265
Accrued Expenses	30,619	25,461
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	31,248	25,726
	<hr/>	<hr/>
TOTAL LIABILITIES	31,248	25,726
NET ASSETS		
Net Assets without Donor Restrictions	16,160	(69,075)
Net Assets with Donor Restrictions	222,055	281,289
	<hr/>	<hr/>
TOTAL NET ASSETS	238,215	212,214
	<hr/>	<hr/>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 269,463</b>	<b>\$ 237,940</b>

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

IRVING CARES, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT CONTRIBUTIONS</b>						
Financial assistance	\$ 34,574	\$ 154,000	\$ 188,574	\$ 151,317	\$ 151,317	\$ 151,317
Contributions-in-kind	-	90,000	90,000	90,000	90,000	90,000
Food Pantry	42,084	625,516	667,600	843,758	843,758	843,758
Employment services	22,642	10,000	32,642	53,736	53,736	53,736
General program	10,000		10,000	18,333		18,333
General and management	409,844		409,844	377,916		377,916
Special events	299,543		299,543	305,588		305,588
Total contributions	818,687	879,516	1,698,203	701,837	1,138,811	1,840,648
Interest and other	80		80	47		47
Net assets released from restriction	938,750	(938,750)	-	1,078,664	(1,078,664)	-
Total revenues, gains and other support	1,757,517	(59,234)	1,698,283	1,780,548	60,147	1,840,695
<b>FUNCTIONAL EXPENSES</b>						
Program Services	1,331,443		1,331,443	1,509,832		1,509,832
Management and General	157,230		157,230	115,903		115,903
Fundraising Expenses	183,609		183,609	177,419		177,419
TOTAL EXPENSES	1,672,282		1,672,282	1,803,154		1,803,154
(DECREASE)/ INCREASE IN NET ASSETS	85,235	(59,234)	26,001	(22,606)	60,147	37,541
NET ASSETS- BEGINNING OF YEAR	(69,075)	281,289	212,214	(46,469)	221,142	174,673
<b>NET ASSETS- END OF YEAR</b>	<b>\$ 16,160</b>	<b>\$ 222,055</b>	<b>\$ 238,215</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.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

Description	2020				2019			
	Program Expenses	Management and General Expenses	Fund Raising Expenses	Total	Program Expenses	Management and General Expenses	Fund Raising Expenses	Total
Distribution of food	\$ 528,773	-	-	528,773	\$ 698,257	-	-	698,257
Salaries	374,548	81,501	87,511	543,560	359,042	50,470	88,192	497,704
Financial assistance housing	95,684	-	-	95,684	124,368	-	-	124,368
Food Purchase	59,640	-	-	59,640	101,661	-	-	101,661
Rent	76,500	11,700	1,800	90,000	76,500	10,800	2,700	90,000
Events and programs	-	-	83,973	83,973	-	-	65,148	65,148
Utilities	80,704	-	-	80,704	53,565	-	-	53,565
Maintenance	18,052	13,809	396	32,257	14,449	9,479	305	24,233
Professional services	-	24,213	-	24,213	-	21,647	-	21,647
Employment assistance	6,937	-	-	6,937	18,521	-	-	18,521
Depreciation	3,408	186	150	3,744	15,386	845	676	16,907
Insurance	6,865	5,161	858	12,884	7,849	5,237	978	14,064
Miscellaneous and other	10,664	13,672	128	24,464	2,723	8,727	78	11,528
Equipment rental	7,576	972	951	9,499	9,013	1,205	1,165	11,383
Employee health & retirement benefits	6,353	1,276	1,646	9,275	3,805	3,279	4,287	11,371
Telephone	7,714	895	783	9,392	8,814	1,019	1,203	11,036
Printing	940	9	1,525	2,474	3,397	850	5,004	9,251
Technology	9,109	-	1,785	10,894	5,076	-	3,829	8,905
Office supplies	4,726	1,130	168	6,024	2,810	-	316	3,126
Postage	1,062	351	435	1,848	1,575	385	1,130	3,090
Dues	1,230	1,080	100	2,410	-	1,851	461	2,312
Financial assistance other	28,232	-	-	28,232	1,820	50	-	1,870
Subscriptions	-	-	1,400	1,400	-	-	1,777	1,777
Financial assistance prescriptions	558	-	-	558	788	-	-	788
Graphic design	-	-	-	-	413	59	118	590
Conferences, conventions, networking	699	1,200	-	1,899	-	-	52	52
Education	1,251	75	-	1,326	-	-	-	-
Travel	218	-	-	218	-	-	-	-
<b>Total Expenses</b>	<b>\$ 1,331,443</b>	<b>\$ 157,230</b>	<b>\$ 183,609</b>	<b>\$ 1,672,282</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.  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

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<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
INCREASE/(DECREASE) IN NET ASSETS	\$ 26,001	\$ 37,541
Adjustments to reconcile Net Increase/(Decrease) in Net Assets to net cash provided by operating activities:		
Depreciation	3,744	16,907
Changes in Operating assets and liabilities		
Inventories	(29,168)	(19,015)
Pledge Receivable	11,699	(13,199)
Prepaid Expenses	(6,501)	2,365
Accounts Payable	364	(5,355)
Accrued Expenses	5,158	(27,843)
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>11,297</u>	<u>(8,599)</u>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Acquisition of Equipment Furniture & Fixtures	(11,996)	(6,584)
CASH USED BY INVESTING ACTIVITIES	<u>(11,996)</u>	<u>(6,584)</u>
Change in Cash and Cash Equivalents	(699)	(15,183)
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	139,323	154,506
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 138,624</u></b>	<b><u>\$ 139,323</u></b>

The accompanying notes are an integral part of these financial statements



**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 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, 2020 AND 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. Amounts that are received in advance of the Organization successfully meeting the conditions are recorded as a liability on the statement of financial position.

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, 2020 AND 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*

Under US GAAP, an organization must recognize the tax benefit associated with the tax position taken for tax return purposes when it is more likely than not the position will be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. For the year ended March 31, 2020, there were no interest or penalties recorded or included in the statement of activities. The Organization is subject to routine audits by a taxing authority, but as of March 31, 2020, there were no examinations in progress.

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 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) Reclassification*

The presentation of certain prior year balances has been reclassified to conform to the current year presentation.

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 2: PLEDGE 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 pledge receivable portfolio. There were no estimated losses charged to bad debt expense during the years ended March 31, 2020 and 2019, and no allowance for doubtful accounts was required. As of March 31, 2020, and 2019, the pledge receivable was \$1,500 and \$13,199, respectively.

**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, 2020 and 2019, was as follows:

Assets	2020	2019
Computers and Equipment	\$ 194,573	\$ 182,577
Office Equipment	51,300	51,300
Transportation Equipment	10,957	10,957
Gross Property & Equipment	256,830	244,834
Less: Accumulated depreciation	(223,031)	(219,287)
Property & Equipment, Net	\$ 33,799	\$ 25,547
 Depreciation	 \$ 3,744	 \$ 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, 2020 AND 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 \$557,941 and \$717,272 for the year ended March 31, 2020 and 2019, respectively.

*Rent in-kind*

The Organization received free rent of \$90,000 for the year ended March 31, 2020 and 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 years ended March 31, 2020 and 2019, there were no contributed services recorded.

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

Accounts payable and accrued expenses balances as of March 31, 2020 and 2019, were as detailed below:

	2020	2019
Accrued Expenses	\$ 8,444	\$ 15,089
Payroll Payable	22,175	2,436
Accrued Vacation Payable	-	7,936
Other Payable	629	265
	<u>\$ 31,248</u>	<u>\$ 25,726</u>

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

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

***Contributions***

Contributions with donor restrictions received during the year ended March 31, 2020 and 2019, were as follows:

<u><b>Contributions with donor restrictions</b></u>	2020	2019
Financial assistance	\$ 154,000	\$ 151,317
Contributions-in-kind	90,000	90,000
Food Pantry	625,516	843,758
Employment services	10,000	53,736
	\$ 879,516	\$ 1,138,811

***Released Net Assets***

Net assets with donor restrictions released from restriction during the year ended March 31, 2020 and 2019, were as follows:

<u><b>Released Net Assets with donor restrictions</b></u>	2020	2019
Financial assistance	\$ 165,054	\$ 172,307
Contributions-in-kind	90,000	90,000
Food Pantry	641,787	793,216
Employment services	41,909	18,521
General Program	-	4,620
	\$ 938,750	\$ 1,078,664

***Net Assets***

As of March 31, 2020, and 2019, net assets with donor restrictions consist of the following:

<u><b>Net Assets with donor restrictions</b></u>	2020	2019
Financial assistance	\$ 70,869	\$ 81,923
Food Pantry	147,493	163,764
Employment services	3,693	35,602
	\$ 222,055	\$ 281,289

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 7: NET ASSETS**

The Organization's net assets as of March 31, 2020 and 2019, were as follows:

	Net Assets			Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance, April 1	\$ (69,075)	\$ 281,289	\$ 212,214	\$ (46,469)	\$ 221,142	\$ 174,673
Revenues, gains and other support	\$ 818,767	879,516	1,698,283	\$ 701,884	1,138,811	\$ 1,840,695
Functional Expenses	(1,672,282)	-	(1,672,282)	(1,803,154)	-	(1,803,154)
Released during the year	938,750	(938,750)	-	1,078,664	(1,078,664)	-
Ending Balance, March 31	<u>\$ 16,160</u>	<u>\$ 222,055</u>	<u>\$ 238,215</u>	<u>\$ (69,075)</u>	<u>\$ 281,289</u>	<u>\$ 212,214</u>



**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 8: REVENUE CONCENTRATION**

The Organization received significant revenue from individual, other entities and corporate business grants during the fiscal year ended March 31, 2020 and 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, 2020 and 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

**NOTE 10: RELATED PARTY TRANSACTIONS**

The Organization had following related party transactions during the fiscal year ended March 31, 2020 and 2019:

***Contributions***

The Organization received contributions of \$29,763 and \$25,354 from members of the board of directors and employees of the Organization during the fiscal year ended March 31, 2020 and 2019 respectively. 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. Effective January 2020, the Organization adopted a policy to not pay carry over of unused vacation.

**Accrual**

Based on the employee benefit policy, the Organization has an accrued liability of \$0 and \$7,936 as of March 31, 2020 and 2019 respectively.

**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 \$7,784 and \$12,039 for the year ended March 31, 2020 and 2019 respectively.

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 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, 2019 through March 31, 2020. As of the date of this report, rent waiver is received through August 1, 2021.

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 ended March 31, 2020 and 2019 was \$9,499 and \$11,383, respectively.

Future minimum lease payments as of March 31, 2020 are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$9,979
2022	<u>6,693</u>
Total	<u>\$16,672</u>

**IRVING CARES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**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.

	<b>2020</b>	<b>2019</b>
<u>Financial Assets at year end</u>		
Cash and Cash Equivalents	\$ 138,624	\$ 139,323
Pledge Receivable	1,500	13,199
	140,124	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	\$ 140,124	\$ 149,618

**NOTE 15: NEW ACCOUNTING PRONOUNCEMENTS**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the consolidated statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021. Management is currently evaluating this standard and plans to implement effective fiscal year ending March 31, 2022.

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**NOTE 16: SUBSEQUENT EVENTS**

The Organization evaluates subsequent events through September 11, 2020, the date of this report.

***COVID-19***

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. There has been no immediate impact to the Organization's operations. Future potential impacts may include continued disruptions or restrictions on employees' ability to work and impairment of its ability to obtain contributions and volunteers. The future effects of these issues are unknown.

***Evaluation***

The Organization's operations are heavily dependent on private and public donations from individuals, foundations, and corporations. Additionally, access to contracts from local governments may decrease and may not be available depending on appropriations. The outbreak may have continued material adverse impact on economic and market conditions, triggering a period of regional economic slowdown. This situation is expected to depress donations from individuals, foundations, corporations, and local governmental entities to the Organization during fiscal year 2021. As such, this may hinder the Organization's ability to advance its mission. As such, the Organization's financial condition and liquidity may be negatively impacted for the fiscal year 2021.