



Financial Statements
with
Independent Auditors' Report

Years Ended March 31, 2016 and 2015

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, 2016 and 2015, 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 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 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, 2016 and 2015, 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
June 30, 2016
Dallas, Texas

IRVING CARES, INC.
 Statements of Financial Position
 Years Ended March 31, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 315,774	\$ 183,493
Pledges receivable	30,000	-
Inventories	50,048	133,688
Prepaid expenses and other assets	12,311	15,369
Total current assets	408,133	332,550
Property and equipment, net	39,141	46,920
Total assets	\$ 447,274	\$ 379,470
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 9,125	\$ 12,805
Accrued expenses	20,665	12,302
Total current liabilities	29,790	25,107
Commitments and contingencies (Note 6)		
Net assets:		
Unrestricted	35,413	110,614
Temporarily restricted	382,071	243,749
Total net assets	417,484	354,363
Total liabilities and net assets	\$ 447,274	\$ 379,470

See accompanying notes to financial statements.

IRVING CARES, INC.
 Statements of Activities
 Years Ended March 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Revenue and support:						
Contributions:						
Financial assistance	\$ -	\$ 245,520	\$ 245,520	\$ -	\$ 97,764	\$ 97,764
Contributions-in-kind	-	591,283	591,283	-	466,808	466,808
Food pantry	-	275,431	275,431	-	129,134	129,134
Employment services	-	51,914	51,914	-	22,898	22,898
Transportation services	-	-	-	-	1,000	1,000
General program	-	100,000	100,000	-	100,000	100,000
General and management	310,937	-	310,937	487,702	-	487,702
Special events	333,961	-	333,961	336,424	1,550	337,974
Total contributions	644,898	1,264,148	1,909,046	824,126	819,154	1,643,280
Other revenue:						
Interest and other	134	-	134	100	-	100
Net assets released from restrictions	1,125,826	(1,125,826)	-	866,790	(866,790)	-
Total revenue and support	1,770,858	138,322	1,909,180	1,691,016	(47,636)	1,643,380
Expenses:						
Program services	1,524,493	-	1,524,493	1,318,173	-	1,318,173
Management and general	123,692	-	123,692	124,074	-	124,074
Fundraising	197,874	-	197,874	189,337	-	189,337
Total expenses	1,846,059	-	1,846,059	1,631,584	-	1,631,584
Change in net assets	(75,201)	138,322	63,121	59,432	(47,636)	11,796
Net assets, beginning of the year	110,614	243,749	354,363	51,182	291,385	342,567
Net assets, end of year	\$ 35,413	\$ 382,071	\$ 417,484	\$ 110,614	\$ 243,749	\$ 354,363

See accompanying notes to financial statements.

IRVING CARES, INC.
 Statements of Cash Flows
 Years Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows used in operating activities:		
Change in net assets	\$ 63,121	\$ 11,796
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,724	19,581
Changes in operating assets and liabilities:		
Pledges receivable	(30,000)	7,000
Inventories	83,640	(62,293)
Prepaid expenses and other assets	3,058	(6,176)
Accounts payable	(3,680)	9,038
Accrued expenses	8,363	(1,149)
	<u>139,226</u>	<u>(22,203)</u>
Net cash provided by (used in) operating activities		
Cash flow used in investing activities:		
Purchases of property and equipment	(6,945)	(7,077)
	<u>(6,945)</u>	<u>(7,077)</u>
Net cash used in investing activities		
Net change in cash and cash equivalents	132,281	(29,280)
Cash and cash equivalents, beginning of year	183,493	212,773
Cash and cash equivalents, end of year	\$ <u>315,774</u>	\$ <u>183,493</u>

See accompanying notes to financial statements.

IRVING CARES, INC.
Statements of Functional Expenses
Years Ended March 31, 2016 and 2015

	2016				2015			
	Program services	Management and general	Fundraising	Total	Program services	Management and general	Fundraising	Total
Salaries	\$ 436,748	\$ 77,416	\$ 79,884	\$ 594,048	\$ 413,404	\$ 74,348	\$ 79,170	\$ 566,922
Employee health and retirement benefits	11,155	1,480	96	12,731	15,464	4,072	1,796	21,332
Total employee compensation	447,903	78,896	79,980	606,779	428,868	78,420	80,966	588,254
Financial assistance housing	120,103	-	-	120,103	78,685	-	-	78,685
Financial assistance utilities	66,248	-	-	66,248	81,005	-	-	81,005
Financial assistance other	1,110	-	-	1,110	2,566	-	-	2,566
Financial assistance prescriptions	1,540	-	-	1,540	1,765	-	-	1,765
Food purchases	117,814	-	-	117,814	210,806	-	-	210,806
Distribution of food	649,923	-	-	649,923	379,515	-	-	379,515
Employment assistance	17,062	-	-	17,062	22,414	-	-	22,414
Professional services	-	16,850	24,715	41,565	3,278	16,128	28,451	47,857
Maintenance	7,354	679	163	8,196	12,478	1,195	285	13,958
Equipment rental	9,179	1,147	1,147	11,473	9,912	1,069	1,069	12,050
Technology	8,644	3,449	3,201	15,294	1,726	3,445	3,728	8,899
Rent	21,250	3,000	750	25,000	21,250	3,000	750	25,000
Events and programs	-	-	73,254	73,254	-	-	54,024	54,024
Conference, conventions, networking	530	85	60	675	874	839	610	2,323
Education	2,844	450	1,072	4,366	921	325	1,121	2,367
Subscriptions	399	20	438	857	-	-	1,845	1,845
Travel	758	618	971	2,347	-	-	-	-
Dues	3,573	278	518	4,369	1,889	232	724	2,845
Insurance	6,636	4,254	485	11,375	8,227	2,653	600	11,480
Graphic design	2,733	474	1,111	4,318	1,981	308	861	3,150
Phone	7,334	917	917	9,168	7,525	758	794	9,077
Office supplies	3,404	753	742	4,899	2,977	768	234	3,979
Printing	8,005	1,879	5,769	15,653	12,856	2,966	4,927	20,749
Postage	3,118	855	1,918	5,891	4,111	3,847	1,733	9,691
Depreciation	13,276	808	640	14,724	17,455	1,010	657	19,122
Miscellaneous and other	3,753	8,280	23	12,056	5,089	7,111	5,958	18,158
Total expenses	\$ 1,524,493	\$ 123,692	\$ 197,874	\$ 1,846,059	\$ 1,318,173	\$ 124,074	\$ 189,337	\$ 1,631,584

See accompanying notes to financial statements.

IRVING CARES, INC.
Notes to Financial Statements
March 31, 2016 and 2015

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 June 30, 2016, 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, 2016 and 2015, 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, 2016 and 2015, and no allowance for doubtful accounts was required as of March 31, 2016 and 2015, respectively.

IRVING CARES, INC.
Notes to Financial Statements
March 31, 2016 and 2015

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 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 \$566,000 and \$442,000 for the years ended March 31, 2016 and 2015, respectively. The Organization received free rent of approximately \$25,000 for the years ended March 31, 2016 and 2015, 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, 2016 and 2015, 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, 2016 and 2015

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, 2016 and 2015.

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, 2016 and 2015, the Organization is no longer subject to federal, state and local income tax examinations by tax authorities for years before 2013.

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, 2016 and 2015, 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, 2016 and 2015.

IRVING CARES, INC.
Notes to Financial Statements
March 31, 2016 and 2015

Note 2 - Property and Equipment

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

	2016	2015
Computers and equipment (4 to 5 year life)	\$ 150,358	\$ 143,413
Office equipment (5 to 7 year life)	51,300	51,300
Transportation equipment (7 to 10 year life)	27,690	27,690
Total property and equipment	229,348	222,403
Less accumulated depreciation	(190,207)	(175,483)
Total property and equipment, net	\$ 39,141	\$ 46,920

Depreciation expense for the years ended March 31, 2016 and 2015 was \$14,724 and \$19,581, 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 \$9,000 for the years ended March 31, 2016 and 2015.

Note 4 - Net Assets

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

	2016	2015
Financial assistance	\$ 136,357	\$ 78,517
Food pantry and other	245,714	165,232
Total temporarily restricted net assets	\$ 382,071	\$ 243,749

IRVING CARES, INC.
Notes to Financial Statements
March 31, 2016 and 2015

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>2016</u>		<u>2015</u>
Financial assistance	\$ 187,729	\$	154,162
Food pantry	880,669		666,194
Rent	25,000		25,000
Employment assistance	33,872		17,884
Transportation	-		1,000
Management and general	706		2,550
	<u>1,127,976</u>		<u>866,790</u>
Total net assets released from restrictions	\$ 1,127,976	\$	866,790

Note 5 - Related Party Transactions

For the years ended March 31, 2016 and 2015, the Organization received contributions in the amount of approximately \$38,200 and \$58,009, 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. Because the space has a rental value of \$25,000 annually, based on the original rental agreement with Irving Cares, Inc. and the City of Irving, this rental waiver will be considered an in-kind contribution in the amount of \$25,000 for rent waived from April 1, 2015 through March 31, 2016.

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 for the years ended March 31, 2016 and 2015, respectively. Future minimum lease payments totaling approximately \$7,000 is due through fiscal year 2017 under the lease agreement.