

Operation Care

2018

For the Fiscal Year Ended June 30, 2018
with Comparative Totals for the Fiscal
Year Ended June 30, 2017

**Annual
Financial
Report**

**OPERATION CARE
BOARD OF DIRECTORS**

As of June 30, 2018

<u>Member</u>	<u>Position</u>
Chris Wendland	President/Treasurer
Lori Jagoda	Vice-President/Secretary
Michelle Porter	Director
Donna-Jean Martinovich	Director
Vacant	Director
Vacant	Director

**OPERATION CARE
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Operation Care
Jackson, California

Report on the Financial Statements

I have audited the accompanying financial statements of Operation Care (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Operation Care as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited the Operation Care's 2017 financial statements, and I expressed an unmodified opinion on those audited financial statements in my report dated November 2, 2017. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 20, 2018, on my consideration of Operation Care's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Operation Care's internal control over financial reporting and compliance.



Cathy Castillo
Certified Public Accountant

Sutter Creek, California
November 20, 2018

Operation Care
Statement of Financial Position
June 30, 2018 with Comparative Totals as of June 30, 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 55,573	\$ 20,114
Grants receivable	63,423	111,942
Prepaid expenses	1,516	1,798
	120,512	133,854
Property and Equipment:		
Land	31,250	31,250
Buildings	311,673	311,673
Furniture and equipment	15,455	15,455
	358,378	358,378
Less: accumulated depreciation	(182,110)	(170,119)
	176,268	188,259
Other Assets:		
Deposits	7,394	7,894
	7,394	7,894
TOTAL ASSETS	\$ 304,174	\$ 330,007

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 18,992	\$ 17,790
Accrued expenses	20,160	28,869
Line of credit	5,000	20,000
	44,152	66,659
Net Assets:		
Temporarily restricted	5,499	8,549
Unrestricted	254,523	254,799
	260,022	263,348
TOTAL LIABILITIES AND NET ASSETS	\$ 304,174	\$ 330,007

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

Operation Care
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2018
with Comparative Totals for the Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
UNRESTRICTED NET ASSETS:		
Revenues, support and reclassifications:		
Grant revenue	\$ 806,256	\$ 789,259
Contributions	37,117	45,887
Contributions-in-kind	75,654	29,481
Fees	9,076	8,846
Interest income	3	16
Net assets released from restrictions	23,050	35,362
Refunds and reimbursements	-	450
Special events	33,788	23,679
Total unrestricted revenue, support and reclassifications	984,944	932,980
Expenses		
Programs services		
Domestic Violence program	484,311	462,906
Rape Crisis program	341,740	307,654
Other program services	102,024	100,120
Total program services expenses	928,075	870,680
Supporting services		
General and administrative expenses	30,215	66,061
Fundraising	25,094	10,678
Total supporting services expenses	55,309	76,739
Total functional expenses	983,384	947,419
DECREASE IN UNRESTRICTED NET ASSETS	1,560	(14,439)
TEMPORARILY RESTRICTED NET ASSETS:		
Grant revenue	18,164	21,000
Net assets released from restrictions	(23,050)	(35,362)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(4,886)	(14,362)
DECREASE IN NET ASSETS	(3,326)	(28,801)
NET ASSETS, beginning of year	263,348	292,149
NET ASSETS, end of year	\$ 260,022	\$ 263,348

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

Operation Care
Statement of Functional Expenses

For the Year Ended June 30, 2018 with Comparative Totals for the Year Ended June 30, 2017

	Program Services				Supporting Services		Total Expenses		
	Domestic Violence Program	Rape Crisis Program	Other Program Services	Total Program Services	General and Admin	Fundraising	Total Supporting Services	Total 2018	Total 2017
Salaries and wages	\$ 248,179	\$ 186,540	\$ 17,600	\$ 452,319	\$ 6,747	\$ -	\$ 6,747	\$ 459,066	\$ 495,139
Payroll taxes and benefits	47,007	32,266	3,077	82,350	2,026	-	2,026	84,375	97,919
	<u>295,186</u>	<u>218,806</u>	<u>20,676</u>	<u>534,668</u>	<u>8,773</u>	<u>-</u>	<u>8,773</u>	<u>543,441</u>	<u>593,058</u>
Advertising and promotion	18,745	13,804	1,943	34,492	2,373	1,519	3,892	38,384	30,110
Client Assistance	41,746	14,387	21,560	77,693	184	-	184	77,877	63,903
Dues and subscriptions	1,120	975	108	2,203	728	-	728	2,931	3,616
In-kind services	26,295	29,322	20,036	75,653	-	-	-	75,653	29,481
Insurance	8,723	5,143	694	14,560	469	-	469	15,029	12,863
Interest and finance charges	-	-	-	-	2,628	-	2,628	2,628	3,991
Occupancy	26,743	16,882	13,017	56,642	8,648	-	8,648	65,290	65,033
Other fundraising expenses	-	-	-	-	732	19,567	20,299	20,299	8,503
Outside services	1,131	1,354	20,802	23,287	91	-	91	23,378	13,677
Postage	1,282	766	135	2,183	509	-	509	2,692	1,301
Printing and publication expense	2,554	1,820	270	4,644	43	-	43	4,687	3,013
Professional fees	7,119	3,281	-	10,400	-	-	-	10,400	13,280
Repairs and Maintenance	1,030	947	101	2,078	55	-	55	2,133	4,369
Supplies and equipment	9,647	6,917	1,218	17,782	2,947	3,764	6,711	24,493	40,935
Taxes, licenses and fees	330	229	43	602	686	244	929	1,531	1,414
Training and travel	4,593	9,659	294	14,546	661	-	661	15,207	3,405
Vehicle expense and mileage	6,847	4,165	132	11,144	3	-	3	11,148	10,176
Utilities and telephone	19,229	13,283	997	33,509	685	-	685	34,194	33,125
Total expenses before depreciation	472,320	341,740	102,024	916,084	30,215	25,094	55,308	971,393	935,253
Depreciation	11,991	-	-	11,991	-	-	-	11,991	12,166
Total functional expenses	\$ 484,311	\$ 341,740	\$ 102,024	\$ 928,075	\$ 30,215	\$ 25,094	\$ 55,308	\$ 983,384	\$ 947,419

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

Operation Care
Statement of Cash Flows
For the Year Ended June 30, 2018
with Comparative Totals for the Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts:		
Cash received from grants	\$ 874,775	\$ 842,241
Cash received from contributions	37,117	45,887
Cash received from fundraisers	33,788	23,679
Interest income received	3	16
Other operating cash receipts	9,076	9,296
Cash Payments:		
Cash disbursed for personnel expenses	(552,150)	(596,563)
Cash disbursed for other operating activities	(349,522)	(319,847)
Cash disbursed for interest	(2,628)	(3,991)
Net cash provided (used) by operating activities	50,459	718
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds/(payments) on line of credit	(15,000)	(5,000)
Net cash used from financing activities	(15,000)	(5,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	35,459	(4,282)
Cash and cash equivalents, beginning of year	20,114	24,396
Cash and cash equivalents, end of year	\$ 55,573	\$ 20,114
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ (3,326)	\$ (28,801)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Depreciation	11,991	12,166
Change in operating assets and liabilities:		
Grants receivable	48,519	31,982
Prepaid expenses	282	(632)
Deposits	500	(2,755)
Accounts payable	1,202	(7,737)
Accrued expenses	(8,709)	(3,505)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 50,459	\$ 718

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

**Operation Care
Notes to Financial Statements
June 30, 2018**

NOTE 1 - ORGANIZATION AND PURPOSE

Operation Care is a nonprofit organization established in 1980 to provide services to people in crisis in Amador County, California. These services include advocacy, education and support for victims of domestic violence and sexual assault. The Organization also operates a safe house for victims of domestic violence. The Organization provided education, services and shelter to approximately 357 people this year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of Operation Care have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. This method reflects revenues and expenses in the accounts in the period in which they are considered to have been earned and incurred, respectively. Any unearned revenue is reflected as deferred revenue and reported as a current liability. Net assets are classified based on the existence or absence of donor-imposed restrictions.

B. Basis of Presentation

The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as prescribed by the American Institute of Certified Public Accounts. In accordance with accounting principles generally accepted in the United States of America, the Organization reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the net assets of Operation Care are classified and reported as follows:

Unrestricted Net Assets are contributions and grants not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets are contributions and grants whose use is subject to donor-imposed time or purpose restrictions still present as of the statement's date. Upon satisfaction of the restriction (either by the passage of time or by accomplishing the purpose) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets are subject to donor imposed restrictions that require they be maintained separately by Operation Care in perpetuity. Operation Care has no permanently restricted net assets.

C. Advertising

Advertising costs are charged to operations when incurred. Advertising costs for the year ended June 30, 2018 was \$38,384. In addition, the Organization had \$2,796 in donated advertising which is included in in-kind contributions (see Note 10).

Operation Care
Notes to Financial Statements
June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

Cash and other highly liquid investments with maturities of three months or less are considered to be cash equivalents. The Organization's cash and cash equivalents include cash held in checking, savings and petty cash.

E. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived. Certain amounts may have been restated to conform with current year's presentation.

F. Contributions

All contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted that increases those net asset classes. When a temporary 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. Donor restricted contributions where the restrictions are met in the same reporting period are reported as unrestricted support.

G. Functional Expenses

The cost of providing the Organization's programs has been summarized on a functional basis in these financial statements. Based on management's estimates, costs have been allocated to the programs and supporting services as they relate to those functions.

H. Fundraisers

Operation Care holds special fundraising events throughout the year. For the year ended June 30, 2018, gross fundraising income from special events was \$33,788 and direct fundraising costs were \$20,299, for a net amount of \$13,489. The ratio of fundraising expenses to amounts raised is 60%.

I. Grants

Concentration of grant risks:

Approximately 99% of the Organization's grant revenue is provided from grants received from the California Office of Emergency Services. All other grants, both government and private, provide the remainder of the Organization's grant revenues.

Grants receivable consist of amounts due from various state and local governmental agencies under various grant agreements and awards. There is no allowance for uncollectible amounts since all grants are deemed to be collectible.

**Operation Care
Notes to Financial Statements
June 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Income Taxes

Operation Care is a not-for-profit tax exempt organization under the Internal Revenue Code Section 501(c) (3) and by the California Franchise Tax Board under Section 23701(d). It is not considered a private foundation under Internal Revenue and has no unrelated business income; accordingly, there is no provision for income taxes in these financial statements.

Management believes that all of the positions taken by the Organization in its federal and state income tax returns are more likely than not to be sustained upon examination. The Organization's tax returns are subject to examination by the Internal Revenue Service and the California Franchise Tax Board, generally for three years and four years, respectively, after they are filed.

K. Prepaid Expenses

Prepaid balances are for payments made by Operation Care in the current year to provide for services occurring in the subsequent year.

L. Property and Equipment

Fixed assets are recorded at cost. Major renewals and improvements are capitalized while replacements, maintenance and repairs, which do not materially extend the useful lives of the assets, are expensed. It is the Organization's current policy to capitalize expenditures for these items in excess of \$5,000. Upon sale or retirement of property and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is recorded.

Property and equipment acquired from funds received from grants in which the grantor retains a reversionary interest in the assets at the end of the grant period are expensed in the year of acquisition.

Property and equipment are being depreciated using the straight-line method over their estimated useful lives of five to thirty years. Depreciation expense for the year ended June 30, 2018 was \$11,991.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Operation Care
Notes to Financial Statements
June 30, 2018**

NOTE 3 - CASH AND CASH EQUIVALENTS

The Organization's cash balances as of June 30, 2018 consisted of the following:

	2018
Petty cash	\$ 700
American River Bank general checking	54,411
American River Bank checking-fundraisers	10
American River Bank savings	10
BBVA Compass	442
Total Cash and Cash Equivalents	\$ 55,573

The Organization maintains cash balances at several high-quality financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At no time during the year did deposits exceed the Federal Deposit Insurance amount.

NOTE 4 - GRANTS RECEIVABLE

Grants receivable as of June 30, 2018 are:

	2018
California Office of Emergency Services	\$ 63,423
Total Grants Receivable	\$ 63,423

All material grants receivable were received within 60 days of the close of the fiscal year.

NOTE 5 - PREPAID EXPENSES

Prepaid expenses as of June 30, 2018 consist of the following:

	2018
General Liability Insurance	\$ 1,206
Internet service	310
Total Prepaid Expenses	\$ 1,516

NOTE 6 - DEPOSITS

Deposits as of June 30, 2018, are comprised of the following:

	2018
Rent Security Deposits	\$ 6,279
Worker's Comp Deposit	1,115
Total Deposits	\$ 7,394

**Operation Care
Notes to Financial Statements
June 30, 2018**

NOTE 7 - ACCRUED EXPENSES

Accrued expenses consist of accrued paid time off. Operation Care provides eligible staff with paid time off ("PTO") which is a combination of vacation, sick leave or any other paid time off. PTO is a liability and an expense in the year earned. Employees accrue PTO based on the number of hours worked each week and length of time employed by Operation Care. Accrued time is paid to employees at the rate of pay in effect when the time is used. PTO is payable in full upon termination of employment.

NOTE 8 - LINE OF CREDIT AND LONG TERM DEBT

Operation Care maintains a \$100,000 Line of Credit with American River Bank, secured by real property owned by the Organization. Amounts borrowed under this agreement bear interest at the Bank's index rate, currently 7.0%. At June 30, 2018, there was a \$5,000 outstanding balance.

NOTE 9 - OPERATING LEASES

Operation Care has operating leases, primarily for various forms of equipment, that are payable monthly and are based on usage. Those leases generally contain renewal options for periods ranging from one to ten years and require the Organization to pay all executory costs such as taxes, maintenance, and insurance. Rental expenses for those equipment leases for the year ended June 30, 2018 was \$5,695.

The Organization also leases the following office/storage spaces:

- Operation Care signed a five year lease for office space at 817 Court St., Suite 12 Jackson, California that commenced on October 1, 2015 and expires on September 30, 2020. The lease has a base rent of \$3,565 per month.
- Operation Care signed a sixteen month lease for storage/retail space at 500 South Ave. Jackson, California that commenced on March 1, 2016 and expires on June 30, 2017. The lease was extended twice for an additional year until June 30, 2019. The lease has a base rent of \$800 per month.
- Operation Care also has various month-to-month leases for storage spaces and additional meeting spaces.

Rental expenses for office/storage space for the year ended June 30, 2018 was \$65,290.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2018 are:

<u>Year Ending June 30:</u>	<u>Equipment</u>	<u>Office Space</u>
2019	\$ 5,439	\$ 42,780
2020	1,777	42,780
2021	-	10,695
Thereafter	-	-
Total Future Minimum Lease Payments	\$ 7,216	\$ 96,255

**Operation Care
Notes to Financial Statements
June 30, 2018**

NOTE 10 - NON-CASH (IN-KIND) CONTRIBUTIONS

During the year ended June 30, 2018, the following in-kind contributions were received by the Organization:

	<u>2018</u>
Grant revenue-in-kind contributions:	
Advertising	\$ 2,796
Labor	27,917
Merchandise	25,573
Mileage	3,916
Rent	4,313
Temporary housing	11,138
Total grant revenue in-kind contributions	<u><u>\$ 75,653</u></u>

Contributions in-kind (non-grant):

Donated services are recognized as contributions for those services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Donated supplies are recorded at fair market value on the date of the donation.

In-kind rent is determined by the difference between the fair market value of rent versus rent being charged to the Organization on their administrative offices.

NOTE 11- RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets as of June 30, 2018, consist of the following, which are available to the Organization for the next fiscal year:

	<u>2018</u>
Blue Shield Grant	\$ 5,499
Total Temporarily Restricted Net Assets	<u><u>\$ 5,499</u></u>

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose.

NOTE 12 - RISK FINANCING

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There were no significant reductions in insurance coverage from coverage in the prior years.

**Operation Care
Notes to Financial Statements
June 30, 2018**

NOTE 13 -NONCOMPLIANCE WITH GRANTOR RESTRICTIONS

Various state and local agencies have the authority to audit the books and records of Operation Care as they pertain to the grants and contracts they have awarded. As a result of these potential audits, some grants or contract costs could be disallowed which would create a liability for the Organization.

NOTE 14- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 20, 2018, the date the financial statements were available to be issued, and determined the following to be significant:

- As of June 30, 2018 there were two vacant board member positions.

CATHY CASTILLO

CERTIFIED PUBLIC ACCOUNTANT

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Accountants on Staff:

Toni Happe, CPA

Susan Bordwell

Member of the American Institute of Certified Public
Accountants, California Society of CPA's and AICPA Peer Review Program

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Operation Care

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Operation Care (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Operation Care's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Operation Care's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that may have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Operation Care's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cathy Castillo
Certified Public Accountant
Sutter Creek, California
November 20, 2018