

**OPERATION CARE**

Audited Financial Statements,  
Supplementary Information and  
Compliance Reports

June 30, 2024

OPERATION CARE  
AUDITED FINANCIAL STATEMENTS, SUPPLEMENTARY  
INFORMATION AND COMPLIANCE REPORTS

JUNE 30, 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Operation Care  
Jackson, California

### **Opinion**

We have audited the accompanying financial statements of Operation Care (the Organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Operation Care (the Organization) as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

To the Board of Directors of  
Operation Care

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

*Richardson & Company, LLP*

March 18, 2025

OPERATION CARE

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 51,132	\$ 170,976
Grants receivable	196,107	83,288
Prepaid expenses	17,117	
Total Current Assets	<u>264,356</u>	<u>254,264</u>
Property and equipment, net	157,649	182,065
Other Assets:		
Deposits	5,993	5,793
Right of use assets	31,823	77,520
Unconditional promise to give, net	4,198	15,997
Total Other Assets	<u>42,014</u>	<u>99,310</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 464,019</u></u>	<u><u>\$ 535,639</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 27,416	\$ 9,324
Accrued payroll	13,631	8,856
Accrued vacation payable	31,797	45,709
Deferred revenue	32,993	26,000
Current portion of lease liability	21,338	56,413
Total Current Liabilities	<u>127,175</u>	<u>146,302</u>
Long-term liabilities:		
Lease liabilities	10,485	21,107
<b>TOTAL LIABILITIES</b>	<u>137,660</u>	<u>167,409</u>
<b>NET ASSETS</b>		
Without donor restrictions	296,657	334,886
With donor restrictions	29,702	33,344
<b>TOTAL NET ASSETS</b>	<u>326,359</u>	<u>368,230</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 464,019</u></u>	<u><u>\$ 535,639</u></u>

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

OPERATION CARE

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Government grants	\$ 1,061,165	\$ 1,059,918
Contributions	43,978	49,807
Private foundation grants	500	10,000
Fees	5,926	7,925
Donated materials and services	18,879	15,122
Other revenue	751	
Special events	52,605	514
Less: costs of direct benefit	(8,335)	
Net assets released from restriction	43,642	57,126
TOTAL REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>1,219,111</u>	<u>1,200,412</u>
EXPENSES		
Program Services		
Domestic Violence	556,799	524,521
Rape Crisis	350,487	400,897
County Victim	148,014	129,350
Up Country Services	51,023	
Other program services	38,736	67,278
Total Program Services	<u>1,145,059</u>	<u>1,122,046</u>
Supporting Services:		
Management and general	104,672	80,649
Fundraising	7,609	652
Total Supporting Services	<u>112,281</u>	<u>81,301</u>
TOTAL EXPENSES	<u>1,257,340</u>	<u>1,203,347</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(38,229)	(2,935)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Private foundation grants	40,000	35,000
Donated rent		
Net assets released from restriction	(43,642)	(57,126)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(3,642)</u>	<u>(22,126)</u>
CHANGE IN NET ASSETS	(41,871)	(25,061)
Net assets at beginning of year	<u>368,230</u>	<u>393,291</u>
NET ASSETS AT END OF YEAR	<u>\$ 326,359</u>	<u>\$ 368,230</u>

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

OPERATION CARE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024

	Program Services					Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Domestic Violence Services	Rape Crisis Program Services	County Victim Services	Up Country Services	Other Program Services		Management and General	Fundraising		
Salaries and wages	\$ 279,933	\$ 211,723	\$ 65,562		\$ 5,149	\$ 562,367	\$ 7,581		\$ 7,581	\$ 569,948
Payroll taxes	24,575	18,910	5,696			49,181	1,394		1,394	50,575
Employee benefits	48,399	36,049	12,835			97,283	1,451		1,451	98,734
	<u>352,907</u>	<u>266,682</u>	<u>84,093</u>		<u>5,149</u>	<u>708,831</u>	<u>10,426</u>		<u>10,426</u>	<u>719,257</u>
Professional	11,199	6,701	2,151		620	20,671	3		3	23,779
Lease expense	28,837	17,025	6,159	\$ 33,847	7,500	93,368	30,896		30,896	124,264
Taxes and fees	66					66	77		77	143
Supplies and equipment	10,247	5,872	2,157	3,615	310	22,201	1,975		1,975	24,176
Insurance	21,396	4,913	1,916	1,488	0	29,713	702		702	30,415
Dues and subscriptions	2,742	1,215	336			4,293	399		399	4,692
Advertising and promotion	17,460	8,615	6,516		1,101	33,692	244	\$ 89	333	34,025
Utilities and telephone	35,131	16,276	5,678	3,716	5,394	66,195	1,365		1,365	67,560
Postage and shipping	981	521	163		98	1,763	260		260	2,023
Client assistance	45,381	13,963	35,769	133	15,820	111,066	907		907	111,973
Training and travel	528	2,789				3,317	8,441		8,441	11,758
Printing and publication	1,652	1,237	414			3,303	77		77	3,380
Vehicle expense and mileage	4,860	1,721	1,760			8,341	30		30	8,371
Outside services	3,115	914	262	7,311	1,259	12,861	19,072		19,072	31,933
Interest and finance charges							234	59	293	293
Repairs and maintenance	20,297	2,043	640	913	1,485	25,378	135		135	25,513
Fundraising expenses							1,908	7,461	9,369	9,369
Depreciation expense							24,416		24,416	24,416
<b>TOTAL EXPENSES</b>	<u>\$ 556,799</u>	<u>\$ 350,487</u>	<u>\$ 148,014</u>	<u>\$ 51,023</u>	<u>\$ 38,736</u>	<u>\$ 1,145,059</u>	<u>\$ 104,672</u>	<u>\$ 7,609</u>	<u>\$ 112,281</u>	<u>\$ 1,257,340</u>

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

OPERATION CARE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	Program Services				Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Domestic Violence Services	Rape Crisis Program Services	County Victim Services	Other Program Services		Management and General	Fundraising		
Salaries and wages	\$ 300,495	\$ 266,388	\$ 71,826	\$ 1,750	\$ 640,459	\$ 9,865		\$ 9,865	\$ 650,324
Payroll taxes and benefits	23,978	21,054	5,470		50,502	659		659	51,161
Employee benefits	37,029	31,229	9,302		77,560	710		710	78,270
Subtotal Personnel	361,502	318,671	86,598	1,750	768,521	11,234		11,234	779,755
Professional	9,277	6,613	586		16,476				16,476
Lease expense	29,387	20,962	4,904	6,728	61,981	26,604		26,604	88,585
Taxes and fees	136				136	801		801	937
Supplies and equipment	4,528	4,190	1,197	99	10,014	61		61	10,075
Insurance	20,058	6,208	2,103	1,636	30,005	573		573	30,578
Dues and subscriptions	1,699	2,247	798		4,744	203		203	4,947
Advertising and promotion	17,662	5,444	3,471		26,577	2		2	26,579
Utilities and telephone	31,026	18,695	5,138	6,325	61,184	329		329	61,513
Postage and shipping	665	388	178	83	1,314	16		16	1,330
Client assistance	23,498	6,349	19,717	46,145	95,709	2,647		2,647	98,356
Training and travel	1,361	400			1,761	7,236		7,236	8,997
Printing and publication	2,065	1,680	338		4,083	28		28	4,111
Vehicle expense and mileage	3,994	1,685	874		6,553	46		46	6,599
Outside services	10,324	6,669	3,156	293	20,442	120		120	20,562
Interest and finance charges					0	2,227		2,227	2,227
Repairs and maintenance	7,339	696	292	4,219	12,546	37		37	12,583
Fundraising expenses							\$ 652	652	652
Depreciation expense						28,485		28,485	28,485
<b>TOTAL EXPENSES</b>	<b>\$ 524,521</b>	<b>\$ 400,897</b>	<b>\$ 129,350</b>	<b>\$ 67,278</b>	<b>\$ 1,122,046</b>	<b>\$ 80,649</b>	<b>\$ 652</b>	<b>\$ 81,301</b>	<b>\$ 1,203,347</b>

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

OPERATION CARE

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (41,871)	\$ (25,061)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	24,416	28,485
Gain on disposal of vehicle		
Amortization of operating lease right-of-use assets	(59,168)	(66,180)
Grants receivable	(112,819)	142,051
Other receivables		
Unconditional promises to give	11,799	13,153
Prepaid expenses	(17,117)	11,060
Deposits	(200)	
Accounts payable and other liabilities	18,092	(8,358)
Accrued payroll	4,775	(11,856)
Accrued vacation	(13,912)	1,712
Deferred revenue	6,993	817
Lease liability	59,168	66,180
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(119,844)</b>	<b>152,003</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(119,844)</b>	<b>152,003</b>
Cash and equivalents at beginning of year	170,976	18,973
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 51,132</b>	<b>\$ 170,976</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Right-of-use assets obtained in exchange for lease liabilities	\$ 13,471	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	\$ 58,858	\$ 71,775

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

## OPERATION CARE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

#### NOTE A – ORGANIZATION AND DESCRIPTION OF PROGRAM SERVICES

Organization: Operation Care (the Organization) is a non-profit 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 accepts donations of clothing and household items for their Care Closet. These items are given to shelter occupants and other program participants, at no cost, to provide them with items needed for personal care and living necessities.

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: Financial statement presentation follows the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-205, *Financial Statements of Not-for-Profit Entities – Presentation of Financial Statements*. Under (ASC) 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The financial statements of the Organization have been prepared on the accrual basis of accounting. Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization classifies its net assets and changes in net assets as follows:

Net assets without donor restrictions – Net assets not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for use by the Board of Directors for a specific purpose. The Organization has no such designations by the Board of Directors.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time. When the donor-imposed restriction is satisfied or the restriction ends, the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

The Organization maintains cash balances at Bank of Marin. The account is insured by the Federal Deposit Insurance Corporation up to \$250,000. At no time during the years ended June 30, 2024 and 2023 did deposits exceed the Federal Deposit Insurance amount.

## OPERATION CARE

### NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2024 and 2023

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: Revenue from governmental contracts are recognized to the extent of qualifying expenses incurred, up to the grant or contract ceiling. Any excess of expenses incurred over cash received is recorded as a grants receivable; any excess of cash received over qualifying expenses incurred is recorded as deferred revenue.

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. Contributions that are restricted are classified as net assets without donor restriction if the restriction expires in the reporting period in which the revenue is recognized.

Grants Receivable: Grants receivable consist of grant funding reimbursements from the California Office of Emergency Services. Receivables are stated at the balance invoiced for reimbursements. The Organization recognizes bad debts using the allowance method. Management believes all accounts receivable will be fully collected and therefore no allowance has been made.

Unconditional Promises to Give: Unconditional promises to give that are expected to be received in future periods are initially recognized at fair value using present value discount rates. For the years ended June 30, 2024 and 2023, future distributions were recorded at present value using discount rates of 4.50%. The discount is amortized using the straight-line method. GAAP requires that the effective interest method be used to amortize discounts on promises to give; however, the effect of using the straight-line method is not materially different from the result that would have been obtained under the effective interest method.

Deferred Revenue: The Organization recorded deferred revenue relating to unexpended grant funds earned on the cost-reimbursement basis.

Fixed Assets: Acquisitions of equipment and furniture of \$5,000 or more are capitalized. Equipment and furniture are stated at cost and depreciation or amortization is computed when assets are placed in service using the straight-line method over estimated useful lives of five to thirty years. Expenditures for maintenance and repairs are charged to expense as incurred.

Leases: The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

Accrued Vacation Payable: It is the Organization's policy to accumulate a limited amount of earned but unused vacation time, which will be paid to employees upon taking vacations or upon separation.

OPERATION CARE

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2024 and 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses: The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Indirect costs are allocated among programs and supporting services based on personnel, space and other factors.

Donated Materials and Services: Donated materials are recorded as contributions at their estimated value at date of receipt. Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Income Tax Status: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Management of the Organization has evaluated the tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. The Organization’s federal returns could generally be subject to examination by federal taxing authorities for three years after they are filed. The Organization’s state returns could be subject to examination by state taxing authorities, generally for four years after they are filed. Federal returns prior to 2021 and state returns prior to 2020 are no longer subject to examination.

Advertising: The Organization expenses advertising costs when incurred. Total advertising costs charged to various activities during the year ended December 31, 2024 and 2023 were \$34,025 and \$26,579, respectively, and are included in advertising and promotions on the schedule of functional expenses.

Subsequent Events: The Organization evaluated all events or transactions that occurred after June 30, 2024 and up to March 18, 2025, the date the financial statements were issued. During this period, the Organization did not have any recognizable subsequent events.

NOTE C – LIQUIDITY AND AVAILABILITY

The following represents the Organization’s financial assets at June 30:

	2024	2023
Cash and cash equivalents	\$ 51,132	\$ 170,976
Grants receivable	196,107	83,288
Financial assets	247,239	254,264
Less amounts unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	29,702	33,344
	\$ 276,941	\$ 287,608

OPERATION CARE

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2024 and 2023

NOTE C – LIQUIDITY AND AVAILABILITY (Continued)

Donor restricted assets are available only for the programs listed in the donor restricted cash and cash equivalents. The Organization’s cash is maintained in checking accounts, providing the needed liquidity for general expenses within one year of the balance sheet date. As part of the Organization’s liquidity management plan, cash in excess of daily needs is held in a savings account.

NOTE D – UNCONDITIONAL PROMISE TO GIVE

The Organization leases office space at 813 Court St., Suite 3 and 817 Court Street, Suite 12 in Jackson, California, at below market rental rates by approximately 20%, based on fair market rental amounts determined by the landlord. The lease terms are through March 31, 2025 and March 3, 2024, respectively. The difference between the fair market value of the rent and the annual contractual payment per the lease agreement represents the unconditional promise to give. Amounts are discounted at a rate of 4.50% and 5.25% to the present value of future donations at June 30, 2024 and 2023, respectively.

The net realizable value of the unconditional promise to give is detailed below:

	<u>2024</u>	<u>2023</u>
Value of free rent:		
Less than one year		\$ 13,076
One to five years	\$ 4,478	4,478
	<u>4,478</u>	<u>17,554</u>
Less: discount to present value	<u>(280)</u>	<u>(1,557)</u>
Unconditional promise to give-net	<u>\$ 4,198</u>	<u>\$ 15,997</u>

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 31,250	\$ 31,250
Structures and improvements	356,326	356,326
Furniture, equipment and vehicles	78,629	78,629
Total cost	<u>466,205</u>	<u>466,205</u>
Less: accumulated depreciation	<u>(308,556)</u>	<u>(284,140)</u>
	<u>\$ 157,649</u>	<u>\$ 182,065</u>

Depreciation expense was \$24,416 and \$28,485 for the years ended June 30, 2024 and 2023, respectively.

## OPERATION CARE

### NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2024 and 2023

#### NOTE F – LINE OF CREDIT AND LONG-TERM DEBT

In September 2022, the Organization opened a \$74,000 line of credit with Bank of Marin, secured by real property owned by the Organization, including grants receivable, that matures on October 5, 2024. Amounts borrowed under this agreement bear interest at the bank's index rate plus two percentage points, currently 7.50%. The line of credit was not renewed upon its expiration in October 2024.

#### NOTE G – OPERATING LEASES

The Organization leases certain office space and equipment. The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassess its determination if the terms and conditions of the arrangement are changed. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the Organization's incremental borrowing rate.

The Organization has an operating lease for a copier, that is payable monthly, and a separate monthly charge which is based on usage. This lease contains a renewal option that can extend the lease term from one to five years and requires the Organization to pay all executory costs such as taxes, maintenance, and insurance.

The Organization also leases the following office:

- The Organization signed a three-year and five-year lease amendment for office space at 803 Court St., Suite 3 and 817 Court St., Suite 12 in Jackson, California which expired on March 31, 2022 and 2024, respectively. The lease has a base rent of \$2,143 and \$3,651 per month, respectively, which is approximately 20% below the fair market value for these office spaces. The Organization signed a three-year lease amendment for 803 Court St., Suite 3 on April 1, 2022, which will expire on March 31, 2025. See Note D for the discounted rent reported as an unconditional promise to give.
- In September 2024, the Organization entered into a new lease that includes the existing office space at 817 Court St., Suite 12, with the addition of Suite 14, in lieu of renewing the lease at 813 Court St., Suite 3. The new lease is effective starting February 2025, and has a term of 7 years at a base monthly rent of \$6,119 and scheduled increased of 2%.

Lease expense for the years ended June 30, 2024 and 2023 was \$124,264 and \$88,585, respectively.

OPERATION CARE

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2024 and 2023

NOTE G – OPERATING LEASES (Continued)

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2024 are:

Year Ending June 30:	Equipment	Office Space	Total
2025	\$ 3,160	\$ 19,284	\$ 22,444
2026	3,160		3,160
2027	3,160		3,160
2028	3,160		3,160
2029	2,299		2,299
Total undiscounted lease payments	14,939	19,284	34,223
Less: imputed interest	(2,044)	(356)	(2,400)
Net lease liabilities	\$ 12,895	\$ 18,928	\$ 31,823

Supplemental disclosure about operating lease arrangements are as follows:

	June 30, 2024	June 30, 2023
Right of use assets	\$ 235,245	\$ 221,774
Accumulated amortization	(203,422)	(144,254)
	\$ 31,823	\$ 77,520
Weighted Average Remaining Lease Term	2.31 years	1.32 years
Weighted Average Discount Rate	5.36%	4.82%

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Components of net assets with donor restrictions consist of the following at June 30:

	2024	2023
Subject to the passage of time:		
Promises to give for discounted rent that are unavailable for expenditure	\$ 4,198	\$ 15,997
Subject to the expenditure for specific purpose:		
Go! Youth Program	25,504	17,347
Total	\$ 29,702	\$ 33,344

OPERATION CARE

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2024 and 2023

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Expiration of time restrictions:		
Amortization of discounted rent	\$ 11,801	\$ 13,152
Satisfaction of purpose restrictions:		
Go! Youth Program	31,841	38,974
Sip N Paint event		<u>5,000</u>
	<u>\$ 43,642</u>	<u>\$ 52,126</u>

NOTE I – DONATED MATERIALS AND SERVICES

The value of donated materials and services included in the financial statements for the years ended June 30, 2024 and 2023 consists of donated labor for the thrift store, valued at \$18,879 and \$15,122, respectively. The donated labor, including taxes and benefits, is included in outside services on the statement of functional expenses and was valued at current pay rates for similar services. The donation was not restricted by the donor.

NOTE J – RETIREMENT PLAN

The Organization sponsors a salary reduction contribution plan pursuant to Section 403(b) of the Internal Revenue Code, covering all employees. Under the plan, employees may contribute a specified percentage of their salary, or a fixed dollar amount according to a salary reduction agreement. The Organization may agree to make “nonelective” contributions to their employees’ 403(b) plans. There were no “nonelective” contributions made by the Organization during the years ended June 30, 2024 and 2023.

NOTE K – CONCENTRATIONS

Approximately 90% of the Organization’s grant revenue is provided from grants received from the California Office of Emergency Services. A significant reduction in the level of this revenue, if this were to occur, may have a significant effect on the Organization’s programs and activities.

NOTE L – CONTINGENCIES

The Organization receives grants for specific purposes that are subject to review and audit by the funding source. Such audits could result in the funding source’s request for reimbursement for expenditures disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

## **OTHER REPORTS**

INDEPENDENT AUDITOR'S 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  
Jackson, California

We 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 (the Organization), which comprise the statement of financial position as of June 30, 2024, 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 March 18, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we 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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

To the Board of Directors of  
Operation Care

effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 our 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.

*Richardson & Company, LLP*

March 18, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
Operation Care  
Jackson, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Operation Care's (the Organization) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

To the Board of Directors of  
Operation Care

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over

To the Board of Directors of  
Operation Care

compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. Accordingly, no significant deficiencies were found

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Organization as of and for the year ended June 30, 2024, and have issued our report thereon dated March 18, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain addition procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements of to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Richardson & Company, LLP*

March 18, 2025

OPERATION CARE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2024

A. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

- |  |               |
|--|---------------|
| 1. Type of auditor’s report issued:  | Unmodified    |
| 2. Internal controls over financial reporting:                                   |               |
| a. Material weaknesses identified?   | No            |
| b. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted?                         | No            |

Federal Awards

- |  |               |
|--|---------------|
| 1. Internal control over major programs:   |               |
| a. Material weaknesses identified?   | No            |
| b. Significant deficiencies identified not considered to be material weaknesses?                               | None reported |
| 2. Type of auditor’s report issued on compliance for major programs:   | Unmodified    |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)? | No            |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
16.575	Crime Victim Assistance

- |   |           |
|---|-----------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$750,000 |
| 6. Auditee qualified as a low-risk auditee under 2 CFR, Section 200.516(a)? | No        |

B. CURRENT YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

None.

D. PRIOR YEAR FINDINGS

**Finding 2023-001 – Significant Deficiency**

**Award No.:** 16.575, Crime Victim Assistance

**Federal Grantor:** U.S. Department of Justice, Office for Victims of Crime

**Compliance Requirement:** Other compliance requirements.

OPERATION CARE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2024

**Condition:** The schedule of Expenditures of Federal Awards (SEFA) was not complete, and expenditures reported on the SEFA were revised during the single audit.

**Recommendation:** We recommend additional review procedures be implemented to ensure the SEFA is complete and accurate when the single audit begins.

**Current Status:** The SEFA was prepared correctly for the year ended June 30, 2024.

**Finding 2023-002 – Significant Deficiency**

**Federal Grantor:** U.S. Department of Justice

**Passed-through:** California Governor’s Office of Emergency Services

**Pass-through Grantor’s No.:** Various

**Compliance Requirement:** Reporting

**Condition:** The Organization submitted its Audited Financial Statements and Single Audit Report to the federal clearinghouse in May 2024, 2 months after it was due.

**Recommendation:** The Organization needs to ensure that it can close its books and submit its audited financial statements and single audit to the federal audit clearinghouse no later than the statutory reporting deadline.

**Current Status:** This Single Audit Report was submitted timely for the fiscal year 2023/2024 audit.

OPERATION CARE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Justice</b>			
Passed-through State of California Governor's Office of Emergency Services			
Crime Victim Assistance			
Rape Crisis Program	16.575	OES21VOCA000012	\$ 104,376
Rape Crisis Program	16.575	OES22VOCA000012	129,632
Rape Crisis Program	16.575	OES21VOCA000012	84,707
Domestic Violence Assistance Program	16.575	OES22VOCA000012	228,432
Domestic Violence Assistance Program	16.575	OES20VOCA000012	14,099
County Victim Services	16.575	OES21VOCA000012	66,747
County Victim Services	16.575	OES23VOCA000012	66,371
<b>Total U.S. Department of Justice</b>			<b>694,364</b>
<b>U.S. Department of Health and Human Services</b>			
Passed-through State of California Governor's Office of Emergency Services			
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			
Domestic Violence Assistance Program	93.671	OES23FVPS000012	125,871
Domestic Violence Assistance Program	93.497	OES21FVSA000012	23,131
<b>Total U.S. Department of Health and Human Services</b>			<b>149,002</b>
<b>Department of Home Land Security</b>			
Passed-through Amador & Calaveras Community Action Agency			
FEMA Phase 40	97.024	065200-002	783
FEMA Phase ARPA-R	97.024	065200-002	7,368
<b>Total Department of Home Land Security</b>			<b>8,151</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 851,517</b>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

## OPERATION CARE

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

#### NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Operation Care (the Organization) under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the Organization's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the Organization. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenses reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

#### NOTE 3 – SUBRECIPIENTS

There were no subrecipients of the Organization's programs during the year ended June 30, 2024.

#### NOTE 4 – NONCASH AWARDS

No noncash awards existed in the current year.

#### NOTE 5 – INDIRECT COSTS

The Organization elected to not use the 10% de minimis indirect cost rate as covered in 2 CFR §200.414.