

OPERATION CARE

Audited Financial Statements,
Supplementary Information and
Compliance Reports

June 30, 2025

OPERATION CARE
AUDITED FINANCIAL STATEMENTS, SUPPLEMENTARY
INFORMATION AND COMPLIANCE REPORTS

JUNE 30, 2025

TABLE OF CONTENTS

Independent Auditor’s Report.....	1
<u>Financial Statements</u>	
Statements of Financial Position.....	3
Statements of Activities	4
Statement of Functional Expenses - 2025.....	5
Statement of Functional Expenses - 2024.....	6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8
<u>Other Reports</u>	
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 <i>Government Auditing Standards</i>	15



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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, 2025 and 2024, 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, 2025 and 2024, 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 6, 2026 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 6, 2026

OPERATION CARE

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 148,043	\$ 51,132
Grants receivable	188,407	196,107
Prepaid expenses	4,787	17,117
Total Current Assets	<u>341,237</u>	<u>264,356</u>
Property and equipment, net	185,217	157,649
Other Assets:		
Deposits	7,593	5,993
Right of use assets	399,836	31,823
Unconditional promise to give, net	97,682	4,198
Total Other Assets	<u>505,111</u>	<u>42,014</u>
TOTAL ASSETS	<u><u>\$ 1,031,565</u></u>	<u><u>\$ 464,019</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other liabilities	\$ 42,232	\$ 27,416
Accrued payroll	12,101	13,631
Accrued vacation payable	35,996	31,797
Deferred revenue	54,145	32,993
Current portion of lease liability	44,953	21,338
Total Current Liabilities	<u>189,427</u>	<u>127,175</u>
Long-term liabilities:		
Lease liabilities	356,782	10,485
TOTAL LIABILITIES	<u>546,209</u>	<u>137,660</u>
NET ASSETS		
Without donor restrictions	345,584	296,657
With donor restrictions	139,772	29,702
TOTAL NET ASSETS	<u>485,356</u>	<u>326,359</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,031,565</u></u>	<u><u>\$ 464,019</u></u>

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

OPERATION CARE

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2025 and 2024

	2025	2024
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Government grants	\$ 944,009	\$ 1,061,165
Contributions	29,060	43,978
Private foundation grants	10	500
Fees	5,017	5,926
Donated materials and services	16,322	18,879
Insurance proceeds	44,043	
Other revenue	1,281	751
Special events	77,488	52,605
Less: costs of direct benefit	(10,801)	(8,335)
Net assets released from restriction	56,887	43,642
TOTAL REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	1,173,306	1,219,111
EXPENSES		
Program Services		
Domestic Violence	563,208	556,799
Rape Crisis	342,605	350,487
County Victim	71,022	148,014
Up Country Services	10,248	51,023
Other program services	36,080	38,736
Total Program Services	1,023,163	1,145,059
Supporting Services:		
Management and general	92,004	104,672
Fundraising	9,212	7,609
Total Supporting Services	101,216	112,281
TOTAL EXPENSES	1,124,379	1,257,340
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	48,927	(38,229)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Private foundation grants	62,417	40,000
Donated rent	104,540	
Net assets released from restriction	(56,887)	(43,642)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	110,070	(3,642)
CHANGE IN NET ASSETS	158,997	(41,871)
Net assets at beginning of year	326,359	368,230
NET ASSETS AT END OF YEAR	\$ 485,356	\$ 326,359

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

OPERATION CARE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2025

	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	\$ 277,096	\$ 187,065	\$ 31,750		\$ 6,862	\$ 502,773	\$ 13,681		\$ 13,681	\$ 516,454
Payroll taxes	23,522	16,061	2,994			42,577	1,510		1,510	44,087
Employee benefits	36,289	26,625	5,356			68,270	967		967	69,237
	<u>336,907</u>	<u>229,751</u>	<u>40,100</u>		<u>6,862</u>	<u>613,620</u>	<u>16,158</u>		<u>16,158</u>	<u>629,778</u>
Lease expense	38,698	14,729	5,367	\$ 7,500	9,172	75,466	27,301		27,301	102,767
Client assistance	39,482	35,211	12,414		11,194	98,301	1,814		1,814	100,115
Utilities and telephone	43,146	16,249	3,557	826	2,418	66,196	856		856	67,052
Advertising and promotion	21,348	7,293	2,092		3,857	34,590	1,426		1,426	36,016
Repairs and maintenance	24,499	2,275	162	487	2,284	29,707	422		422	30,129
Outside services	13,000	8,148	2,261	334	235	23,978	121		121	24,099
Supplies and equipment	11,813	5,281	1,150		58	18,302	3,341		3,341	21,643
Professional	8,073	5,398	989			14,460	3,974		3,974	18,434
Depreciation expense							18,253		18,253	18,253
Insurance	12,039	4,603	925			17,567	484		484	18,051
Dues and subscriptions	8,428	5,236	344			14,008	1,193		1,193	15,201
Fundraising expenses							4,227	\$ 8,138	12,365	12,365
Training and travel		6,412				6,412	5,605		5,605	12,017
Vehicle expense and mileage	4,752	1,803	1,438	1,101		9,094	211		211	9,305
Taxes and fees	164					164	4,797		4,797	4,961
Interest and finance charges							1,699	1,074	2,773	2,773
Printing and publication	449	192	208			849	24		24	873
Postage and shipping	410	24	15			449	98		98	547
TOTAL EXPENSES	<u>\$ 563,208</u>	<u>\$ 342,605</u>	<u>\$ 71,022</u>	<u>\$ 10,248</u>	<u>\$ 36,080</u>	<u>\$ 1,023,163</u>	<u>\$ 92,004</u>	<u>\$ 9,212</u>	<u>\$ 101,216</u>	<u>\$ 1,124,379</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 and benefits	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
Subtotal Personnel	352,907	266,682	84,093		5,149	708,831	10,426		10,426	719,257
Lease expense	28,837	17,025	6,159	\$ 33,847	7,500	93,368	30,896		30,896	124,264
Client assistance	45,381	13,963	35,769	133	15,820	111,066	907		907	111,973
Utilities and telephone	35,131	16,276	5,678	3,716	5,394	66,195	1,365		1,365	67,560
Advertising and promotion	17,460	8,615	6,516		1,101	33,692	244	\$ 89	333	34,025
Repairs and maintenance	20,297	2,043	640	913	1,485	25,378	135		135	25,513
Outside services	3,115	914	262	7,311	1,259	12,861	19,072		19,072	31,933
Supplies and equipment	10,247	5,872	2,157	3,615	310	22,201	1,975		1,975	24,176
Professional	11,199	6,701	2,151		620	20,671	3,108		3,108	23,779
Depreciation expense							24,416		24,416	24,416
Insurance	21,396	4,913	1,916	1,488		29,713	702		702	30,415
Dues and subscriptions	2,742	1,215	336			4,293	399		399	4,692
Fundraising expenses							1,908	7,461	9,369	9,369
Training and travel	528	2,789				3,317	8,441		8,441	11,758
Vehicle expense and mileage	4,860	1,721	1,760			8,341	30		30	8,371
Taxes and fees	66					66	77		77	143
Interest and finance charges							234	59	293	293
Printing and publication	1,652	1,237	414			3,303	77		77	3,380
Postage and shipping	981	521	163		98	1,763	260		260	2,023
TOTAL EXPENSES	\$ 556,799	\$ 350,487	\$ 148,014	\$ 51,023	\$ 38,736	\$ 1,145,059	\$ 104,672	\$ 7,609	\$ 112,281	\$ 1,257,340

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

OPERATION CARE

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 158,997	\$ (41,871)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	18,253	24,416
Gain on disposal of vehicle	(44,043)	
Amortization of operating lease right-of-use assets	42,500	59,168
Grants receivable	7,700	(112,819)
Unconditional promises to give	(93,484)	11,799
Prepaid expenses	12,330	(17,117)
Deposits	(1,600)	(200)
Accounts payable and other liabilities	14,816	18,092
Accrued payroll	(1,530)	4,775
Accrued vacation	4,199	(13,912)
Deferred revenue	21,152	6,993
Lease liability	(40,601)	(59,168)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>98,689</u>	<u>(119,844)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(45,821)	
Insurance proceeds from vehicle loss	44,043	
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,778)</u>	
NET CHANGE IN CASH AND CASH EQUIVALENTS	96,911	(119,844)
Cash and equivalents at beginning of year	<u>51,132</u>	<u>170,976</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 148,043</u>	<u>\$ 51,132</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Right-of-use assets obtained in exchange for lease liabilities	\$ 410,513	\$ 13,471
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	\$ 64,350	\$ 58,858

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

OPERATION CARE

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

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.

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.

OPERATION CARE

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2025 and 2024, future distributions were recorded at present value using discount rates of 8.50% and 4.50%, respectively. 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.

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.

OPERATION CARE

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2022 and state returns prior to 2021 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, 2025 and 2024 were \$36,016 and \$34,025, 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, 2025 and up to March 6, 2026, 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:

	2025	2024
Cash and cash equivalents	\$ 148,043	\$ 51,132
Grants receivable	188,407	196,107
Financial assets	336,450	247,239
Less amounts unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	(139,772)	(29,702)
	\$ 196,678	\$ 217,537

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.

OPERATION CARE

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE D – UNCONDITIONAL PROMISE TO GIVE

The Organization leases office space at 817 Court St., Suite 12 and Suite 14 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 January 31, 2032 and March 31, 2025, 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 8.50% and 4.50% to the present value of future donations at June 30, 2025 and 2024, respectively.

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

	<u>2025</u>	<u>2024</u>
Value of free rent:		
Less than one year	\$ 19,731	\$ 4,478
One to five years	98,654	
Thereafter	11,509	
	<u>129,894</u>	<u>4,478</u>
Less: discount to present value	<u>(32,212)</u>	<u>(280)</u>
Unconditional promise to give, net	<u>\$ 97,682</u>	<u>\$ 4,198</u>

NOTE E – PROPERTY AND EQUIPMENT

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

	<u>2025</u>	<u>2024</u>
Land	\$ 31,250	\$ 31,250
Structures and improvements	356,326	356,326
Furniture, equipment and vehicles	83,261	78,629
Total cost	<u>470,837</u>	<u>466,205</u>
Less: accumulated depreciation	<u>(285,620)</u>	<u>(308,556)</u>
	<u>\$ 185,217</u>	<u>\$ 157,649</u>

Depreciation expense was \$18,253 and \$24,416 for the years ended June 30, 2025 and 2024, respectively.

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 matured 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.

OPERATION CARE

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 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 expired 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, which is approximately 20% below the fair market value, and scheduled increases of 2%.

Lease expense for the years ended June 30, 2025 and 2024 was \$102,767 and \$124,264, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2025 are:

Year Ending June 30:	Equipment	Office Space	Total
2026	\$ 3,160	\$ 74,040	\$ 77,200
2027	3,160	75,521	78,681
2028	3,160	77,031	80,191
2029	2,370	78,572	80,942
2030		80,143	80,143
2031		81,746	81,746
2032		48,237	48,237
Total undiscounted lease payments	11,850	515,290	527,140
Less: imputed interest	(1,352)	(124,053)	(125,405)
Net lease liabilities	\$ 10,498	\$ 391,237	\$ 401,735

OPERATION CARE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2025 and 2024

NOTE G – OPERATING LEASES (Continued)

Supplemental disclosure about operating lease arrangements are as follows:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Right of use assets	\$ 423,984	\$ 235,245
Accumulated amortization	<u>(24,148)</u>	<u>(203,422)</u>
	<u>\$ 399,836</u>	<u>\$ 31,823</u>
Weighted Average Remaining Lease Term	6.51 years	2.31 years
Weighted Average Discount Rate	8.45%	5.36%

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2025</u>	<u>2024</u>
Subject to the passage of time:		
Promises to give for discounted rent that are unavailable for expenditure	\$ 97,682	\$ 4,198
Subject to the expenditure for specific purpose:		
Go! Youth Program	<u>42,090</u>	<u>25,504</u>
Total	<u>\$ 139,772</u>	<u>\$ 29,702</u>

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>2025</u>	<u>2024</u>
Expiration of time restrictions:		
Amortization of discounted rent	\$ 11,056	\$ 11,801
Satisfaction of purpose restrictions:		
Go! Youth Program	33,414	31,841
Senior Scam	5,417	
Summer Youth Program	<u>7,000</u>	<u>5,000</u>
	<u>\$ 56,887</u>	<u>\$ 43,642</u>

OPERATION CARE

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE I – DONATED MATERIALS AND SERVICES

The value of donated materials and services included in the financial statements for the years ended June 30, 2025 and 2024 consists of donated labor for the thrift store, valued at \$16,322 and \$18,879, 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, 2025 and 2024.

NOTE K – CONCENTRATIONS

Approximately 74% 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, 2025, 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 6, 2026.

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 6, 2026