

OPERATION CARE, INC.
A Not-for-Profit Organization

Financial Report

June 30, 2020

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Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT



**HARDING, SHYMANSKI
& COMPANY, P.S.C.**

Certified Public Accountants
and Consultants

21 S.E. Third Street, Suite 500
P.O. Box 3677
Evansville, IN 47735-3677

(812) 464-9161
Fax (812) 465-7811

545 S. Third Street, Suite 102
Louisville, KY 40202-1935

(502) 584-4142
Fax (502) 581-1653

www.hsccpa.com

An Independently
Owned Member,
RSM US Alliance

Board of Directors, Finance Committee, and Management
Operation Care, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Operation Care, Inc., a Not-for-Profit Organization (Organization), which comprise the statement of financial position as of June 30, 2020, the related statements of activities, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, and the changes in 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

We have previously audited the Organization's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wardig, Skymanski & Company, P. S. C.

Louisville, Kentucky
October 12, 2020

OPERATION CARE, INC.
A Not-for-Profit Organization

STATEMENTS OF FINANCIAL POSITION
 June 30, 2020 with Comparative Totals for June 30, 2019

	2020	2019
ASSETS		
Current Assets		
Cash	\$ 177,777	\$ 35,581
Inventories	334,135	277,411
Grant receivables	<u>53,244</u>	<u>60,450</u>
Total current assets	565,156	373,442
Property and Equipment, Net	<u>731,797</u>	<u>728,843</u>
	<u>\$1,296,953</u>	<u>\$1,102,285</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 33,622	\$ 37,538
Current maturities of long-term debt	<u>54,058</u>	<u>23,278</u>
Total current liabilities	87,680	60,816
Long-Term Debt	<u>134,719</u>	<u>133,899</u>
Total liabilities	<u>222,399</u>	<u>194,715</u>
Net Assets		
Without donor restrictions	987,751	837,971
With donor restrictions	<u>86,803</u>	<u>69,599</u>
	<u>1,074,554</u>	<u>907,570</u>
	<u>\$1,296,953</u>	<u>\$1,102,285</u>

See notes to financial statements.

OPERATION CARE, INC.
A Not-for-Profit Organization

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2020 with Comparative Totals for June 30, 2019

	2020			2019
	Without Donor Restriction	With Donor Restriction	Total	Total
Revenue and Other Support				
Grants	\$ 10,000	\$ 53,244	\$ 63,244	\$ 62,450
Contributions	258,713	119,088	377,801	230,657
Donated services	102,401	0	102,401	107,730
Donated goods	869,314	0	869,314	650,762
Retail sales	189,856	0	189,856	217,585
Rental income	9,600	0	9,600	3,700
Net assets released from restrictions	155,128	(155,128)	0	0
Total revenue and other support	<u>1,595,012</u>	<u>17,204</u>	<u>1,612,216</u>	<u>1,272,884</u>
Expenses				
Program services				
Medical and Dental Clinic	746,004	0	746,004	780,907
Transitional Housing Program	122,706	0	122,706	97,423
Thrift Store and Emergency Helps Program	501,391	0	501,391	477,526
Total program expenses	<u>1,370,101</u>	<u>0</u>	<u>1,370,101</u>	<u>1,355,856</u>
Supporting services				
Fundraising	10,659	0	10,659	10,293
General and administrative	64,472	0	64,472	74,060
Total supporting services expenses	<u>75,131</u>	<u>0</u>	<u>75,131</u>	<u>84,353</u>
Total expenses	<u>1,445,232</u>	<u>0</u>	<u>1,445,232</u>	<u>1,440,209</u>
Change in Net Assets	149,780	17,204	166,984	(167,325)
Net assets at beginning of year	<u>837,971</u>	<u>69,599</u>	<u>907,570</u>	<u>1,074,895</u>
Net assets at end of year	<u>\$ 987,751</u>	<u>\$ 86,803</u>	<u>\$ 1,074,554</u>	<u>\$ 907,570</u>

See notes to financial statements.

OPERATION CARE, INC.
A Not-for-Profit Organization

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020 with Comparative Totals for June 30, 2019

	2020							2019
	Program Services			Total	Supporting Services			Total
	Medical and Dental Clinic	Transitional Housing Program	Thrift Store and Emergency Helps Program		Fundraising Expenses	General and Administrative	Total	
Salaries and wages	\$ 73,684	\$ 53,573	\$ 141,847	\$ 269,104	\$ 7,887	\$ 24,249	\$ 301,240	\$ 307,479
Payroll taxes	3,820	2,675	10,925	17,420	762	6,233	24,415	26,154
Donated services	93,092	0	0	93,092	0	0	93,092	97,937
Thrift store cost of goods sold	0	0	200,415	200,415	0	0	200,415	229,642
Donated medications	504,637	0	0	504,637	0	0	504,637	496,074
Donated in-kind - clothing/household	0	0	93,732	93,732	0	0	93,732	13,900
Donated in-kind - food	0	409	9,099	9,508	0	0	9,508	10,134
Donated medical supplies	14,086	144	0	14,230	0	0	14,230	66,084
Laboratory cost	14,831	0	0	14,831	0	0	14,831	20,821
Direct assist	20	3,469	4,643	8,132	0	0	8,132	6,096
Fundraising expenses	0	0	0	0	624	0	624	2,918
Depreciation	3,189	11,617	9,150	23,956	0	6,562	30,518	33,489
Advertising	726	0	285	1,011	0	0	1,011	336
Occupancy	17,229	17,761	19,819	54,809	0	3,804	58,613	55,412
Repair and maintenance	3,812	25,179	(5,674)	23,317	855	2,183	26,355	11,417
Insurance	6,911	5,355	4,705	16,971	325	878	18,174	22,668
Professional fees	0	0	0	0	0	15,325	15,325	19,149
Bank fees	0	0	2,358	2,358	206	60	2,624	2,917
Interest expense	0	0	7,193	7,193	0	0	7,193	8,888
Miscellaneous expenses	9,967	2,524	2,894	15,385	0	5,178	20,563	8,694
Total expenses by function	\$ 746,004	\$ 122,706	\$ 501,391	\$ 1,370,101	\$ 10,659	\$ 64,472	\$ 1,445,232	\$ 1,440,209

See notes to financial statements.

OPERATION CARE, INC.
A Not-for-Profit Organization

STATEMENTS OF CASH FLOWS

Year Ended June 30, 2020 with Comparative Totals for June 30, 2019

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	\$ 166,984	\$(167,325)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	30,518	33,489
Loss on the sale of property and equipment	1,456	0
Changes in assets and liabilities:		
Decrease (increase)		
Inventories	(56,724)	153,757
Grant receivables	7,206	(3,928)
Increase (decrease)		
Accounts payable and accrued expenses	(3,916)	1,282
Net cash provided by operating activities	145,524	17,275
Cash Flows from Investing Activities		
Purchase of property and equipment	(34,928)	(5,352)
Cash Flows from Financing Activities		
Principal payments on long-term borrowings	(34,400)	(33,706)
Proceeds from long-term debt	66,000	0
Net cash provided by (used in) financing activities	31,600	(33,706)
Net increase (decrease) in cash	142,196	(21,783)
Cash at beginning of year	35,581	57,364
Cash at end of year	<u>\$ 177,777</u>	<u>\$ 35,581</u>
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	<u>\$ 7,193</u>	<u>\$ 8,888</u>

See notes to financial statements.

OPERATION CARE, INC.

A Not-for-Profit Organization

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 with Comparative Totals for June 30, 2019

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Business

Operation Care, Inc. (Organization) promotes public awareness and identifies and provides services to families and individuals in crisis situations in the Shelby County, Kentucky area. The Organization provides a wide range of services to the public, focusing on the crisis needs of the citizens in the area it serves. Metro United Way funds, various other grants, program fees, and private donations account for the majority of the Organization's funding.

Comparative Amounts

The financial statements and notes include certain prior-year summarized comparative information. 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, 2019, from which the summarized information was derived.

Basis of Presentation

The Organization presents its financial statements in conformance with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth in "Financial Statements of Not-For-Profit Organizations", which establishes standards for external financial reporting by not-for-profit organizations. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and grant receivables. At times, cash in banks may be in excess of the Federal Deposit Insurance Corporation insurance limit.

OPERATION CARE, INC.

A Not-for-Profit Organization

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 with Comparative Totals for June 30, 2019

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Grant Receivables

Grant receivables are stated at the amount granted by the granting agency. The Organization attempts to minimize exposure to loss by monitoring the financial situation of the granting agency on a continuing basis. The direct charge-off method is used to account for losses in collection of grant receivables, which the Organization estimates to be zero at June 30, 2020 and 2019. As of June 30, 2020 and 2019, the grant receivables are expected to be collected within a year.

Inventories

Thrift store inventories, which are primarily donated, are stated at estimated resale value which approximates fair value. Medical clinic inventories of donated medication and supplies are stated at estimated fair value.

Property and Equipment

Property and equipment are stated at cost, or if donated, are recorded at fair market value at the date of donation. The Organization capitalizes expenditures in excess of \$2,500 with useful lives of one year or more. Provisions for depreciation of property and equipment have been computed on the straight-line and accelerated methods over the estimated useful life.

	<u>Years</u>
Buildings	32-39
Improvements to land and buildings	5-39
Equipment	5-15
Vehicles	3

Revenue Recognition

Prior to July 1, 2019, the Organization recognized revenue from thrift store retail sales when it was realized or realizable and earned. The Organization considered revenue realized or realized and earned when it had persuasive evidence of an arrangement, delivery occurred, the sales price was fixed and determinable, and collectability was reasonably assured.

Effective July 1, 2019, the Organization recognizes revenue related to thrift store retail sales in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

OPERATION CARE, INC.

A Not-for-Profit Organization

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 with Comparative Totals for June 30, 2019

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when or as performance obligations are satisfied

The Organization's revenue under ASC 606 is primarily derived from thrift store retail sales. Retail sales are primarily with customers in the Shelby County, Kentucky area. Retail sales are subject to economic conditions and may fluctuate based on changes in financial markets, industry, and consumer disposable income levels and spending habits.

The Organization assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations. Payments for retail goods are due at time of sale.

Revenue from retail sales are recognized at the point in time the customer purchases the goods from the Organization. The sale and satisfaction of the performance obligation are simultaneous. There are no refunds or exchanges of merchandise.

The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring services to the customer.

The Organization does not have significant variable consideration embedded in their pricing structures or returns or refunds. In addition, there are not significant financing components in retail sales nor are there warranties or bill and hold sales.

As previously stated, revenue from retail sales are recognized at a point in time. Total revenue related to retail sales recognized at a point in time was \$189,256 and \$217,585 for the years ended June 30, 2020 and 2019, respectively.

The Organization has elected to apply the accounting policy election to exclude sales taxes and similar taxes from the measurement of the transaction price.

Revenue from Organization's grants, contributions, donated goods and services, and rental revenues are outside the scope of ASC Topic 606, *Revenue from Contracts with Customers*. The Organization does not provide donor with benefits in return for a contribution or donation, nor does the Organization provide services to a grantor in exchange for the grant. Therefore, there is no exchange transaction and ASC 606 does not apply.

OPERATION CARE, INC.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020 with Comparative Totals for June 30, 2019

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Contributions, Grants, and Donated Goods

Gifts of cash and other assets received without donor stipulations are reported as revenue without donor restrictions and net assets. Gifts received with a donor stipulation that limits their use are reported as revenue with donor restrictions and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Donated Services

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors in the medical profession. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in the financial statements and similarly increase contribution revenue by a like amount.

Donated services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service, and the service would typically need to be purchased if not donated.

Rental Revenues

Revenue from the leasing of office space is recognized in accordance with Topic 840, which is the lease accounting standard. Lease revenue is recognized on a straight-line basis over the lease term. The Organization considers the lease term as the period in which the parties to the contract have presently enforceable rights and obligations. Lessee's contracts generally are standardized and non-cancellable for the duration of the stated contract term. Payments from lessees are typically due in zero to 30 days. The lease revenues do not include variable payments.

Functional Allocation of Expenses

The Organization allocates expenses between the respective programs, fundraising, and general and administrative. Certain costs, including salaries and wages, payroll taxes, occupancy expense, repairs and maintenance, and bank fees, have been allocated based on the estimated time and effort spent on activities. Costs of items that can be specifically identified are charged directly to the respective category.

OPERATION CARE, INC.

A Not-for-Profit Organization

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 with Comparative Totals for June 30, 2019

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

Management evaluated the Organization's uncertain tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements.

Advertising

Advertising costs are expensed as incurred.

Subsequent Events Evaluation

The Organization has evaluated subsequent events through October 12, 2020, the date on which the financial statements were available to be issued.

Use of Estimates

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

Reclassification

Certain items in the June 30, 2019 financial statements have been reclassified to conform to the June 30, 2020 classifications.

Recently Adopted Accounting Standards

Revenue Recognition

In May 2014, FASB issued new accounting guidance, ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, related to how an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Topic 606 sets forth a new five-step revenue recognition model that replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed. In addition, the new guidance requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020 with Comparative Totals for June 30, 2019

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Recently Adopted Accounting Standards (Continued)

Revenue Recognition (Continued)

The Organization adopted ASC 606 using the modified retrospective method effective July 1, 2019. Adoption of this standard did not have any effect on the timing of the Organization's revenue recognition or on the Organization's financial statements other than adding a disclosure and no adjustment was recorded upon this transition. The Organization's method of recognizing revenue is not impacted by the standard as described earlier in Note 1.

Recent Accounting Pronouncements

Leases

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In June 2020, FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02, making it effective for annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required. An entity may adopt the guidance, as well as certain practical expedients, either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Organization is currently evaluating the impact the adoption of this guidance will have on the financial statements.

Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this standard should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. This standard was effective for contributions received for the June 30, 2020 reporting period and did not have a significant impact on the Organization's financial statements. This standard will be effective for contributions made for the June 30, 2021 reporting period. The Organization is currently assessing the impact of this new accounting pronouncement on its financial statements.

OPERATION CARE, INC.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020 with Comparative Totals for June 30, 2019

Note 2 – Liquidity and Availability

The Organization regularly monitors the liquidity required to meet its general operating needs and other contractual commitments. The Organization considers general operating needs to be expenditures related to fundraising and general and administrative functions. Expenditures directly related to the ongoing activities of programs and services are reviewed separately, as programs and services are largely funded through various donor restricted grants each year.

The Organization’s mission is centered on providing various support and services to community members in crisis; therefore, the majority of total expenditures are program specific and not deemed to be general in nature. The Organization manages its liquid resources by reviewing necessary spending and determining priority general expenditures. In addition to liquid assets, the Organization relies upon the Board of Directors and community for benevolence in meeting general operating needs. The Organization utilizes the Thrift Store as its primary revenue source, through the sale of donated goods, to meet liquidity needs for general expenditures and additional support for various programs. The Thrift Store had sales of approximately \$190,000 for the year ended June 30, 2020.

Historically, the Organization has liquid assets, mainly composed of cash. As of June 30, 2020, the Organization had total cash of \$177,777, of which \$33,559 is donor restricted for use in 2020, leaving \$144,218 available for general expenditures within one year. In addition, as noted above, the Organization expects to convert Thrift Store inventories into cash throughout the year to fund general expenditures.

Note 3 – Inventories

Inventories at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Thrift Store	\$ 45,218	\$ 49,584
Food Pantry	9,325	11,709
Medications	279,592	215,581
Medical supplies	<u>0</u>	<u>537</u>
	<u>\$334,135</u>	<u>\$277,411</u>

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NOTES TO FINANCIAL STATEMENTS
 June 30, 2020 with Comparative Totals for June 30, 2019

Note 4 – Property and Equipment

Property and equipment at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Buildings and land	\$1,042,433	\$1,009,144
Equipment	146,892	146,892
Vehicles	<u>1,452</u>	<u>1,452</u>
	1,190,777	1,157,488
Accumulated depreciation	<u>(458,980)</u>	<u>(428,645)</u>
	<u>\$ 731,797</u>	<u>\$ 728,843</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$30,518 and \$33,489, respectively.

Note 5 – Long-Term Debt

Long-term debt at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Note payable to bank, 4.99%, \$2,549 monthly, due April 2022, including a balloon payment of approximately \$78,500, secured by building	\$122,777	\$157,177
Note payable to bank, 1%, \$3,714 monthly, unsecured, due April 2022	(A) <u>66,000</u>	<u>0</u>
	\$188,777	\$157,177
Less current maturities	<u>(54,058)</u>	<u>(23,278)</u>
	<u>\$134,719</u>	<u>\$133,899</u>

(A) On April 17, 2020, the Organization was granted a loan in the aggregate amount of \$66,000, pursuant to the Payroll Protection Program (PPP) under Division A, Title I, of the CARES Act, which was enacted March 27, 2020.

OPERATION CARE, INC.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020 with Comparative Totals for June 30, 2019

Note 5 – Long-Term Debt (Continued)

The loan matures on April 17, 2022 and bears interest at a rate of one percent per annum, payable monthly commencing on November 17, 2020. The loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before October 2, 2020. The Organization intends to use the entire loan amount for qualifying expenses.

Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the Coronavirus Aid, Relief and Economic Security (CARES) Act. The Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

Long-term debt maturities are as follows:

2021	\$ 54,058
2022	<u>134,719</u>
	<u>\$ 188,777</u>

Total interest expense for the years ended June 30, 2020 and 2019 was \$7,193 and \$8,888, respectively.

Note 6 – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
Purpose restrictions		
Women's shelter	\$ 15,402	\$ 17,100
Medical clinic	37,842	37,100
Life enrichment center	19,596	0
Community christmas	5,226	7,149
Food pantry	<u>8,737</u>	<u>8,250</u>
	<u>\$ 86,803</u>	<u>\$ 69,599</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020 with Comparative Totals for June 30, 2019

Note 6 – Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions		
Women's shelter	\$ 54,200	\$ 56,521
Community christmas	4,343	5,620
Staff gifts	100	2,470
Emergency helps program	200	754
Medical clinic	39,805	13,713
Life enrichment center	40,405	0
Transitional housing	14,540	15,240
Food pantry	<u>1,535</u>	<u>676</u>
	<u>\$155,128</u>	<u>\$ 94,994</u>

Note 7 – Donated Professional Services and Materials

The Organization received donated professional services and materials of \$715,199 and \$684,129 for the years ended June 30, 2020 and 2019, respectively. Donated professional services included medical and dental professionals that donated their time. Donated materials included medications, clothing and household goods, food, and medical supplies. Donated professional services and materials are separately identified on the statements of functional expenses and classified as program services.

Note 8 – COVID-19

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The impacts of COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, the Organization may experience disruptions in its operations that could have an adverse impact on the Organization's financial results.