

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

Financial Report
(Reviewed)

June 30, 2025 and 2024

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT



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

Opinion

We have reviewed the accompanying financial statements of Operation Care, Inc., a Not-for-Profit Organization (Organization), which comprise the statements of financial position as of June 30, 2025, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 (U.S. GAAP); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with U.S. GAAP. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT (CONTINUED)



Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with U.S. GAAP.

Summarized Comparative Information

The comparative information as of and for the year ended June 30, 2024 is presented for the purpose of additional analysis and is not a required part of the June 30, 2025 financial statements. The comparative 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. We previously reviewed the 2024 financial statements, and we expressed an unmodified conclusion on those financial statements in our report dated February 18, 2025. The comparative financial information was subjected to the review procedures applied in our review of the 2024 financial statements and we are not aware of any material modifications that should be made to the comparative information for it to be consistent with the reviewed financial statements from which it has been derived. We have not audited the comparative information and do not express an opinion on such information.

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

Louisville, Kentucky
March 30, 2026

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

STATEMENTS OF FINANCIAL POSITION
 June 30, 2025 and June 30, 2024

	2025	2024
ASSETS		
Current Assets		
Cash	\$ 122,085	\$ 138,645
Inventories	<u>580,480</u>	<u>462,346</u>
Total current assets	<u>702,565</u>	<u>600,991</u>
Noncurrent Assets		
Property and equipment, net	<u>1,226,705</u>	<u>751,663</u>
Total assets	<u><u>\$ 1,929,270</u></u>	<u><u>\$ 1,352,654</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 42,826</u>	<u>\$ 63,669</u>
Total current liabilities	<u>42,826</u>	<u>63,669</u>
Noncurrent Liabilities		
Long-term debt	<u>482,000</u>	<u>0</u>
Total liabilities	<u>524,826</u>	<u>63,669</u>
Net Assets		
Without donor restrictions	1,301,951	1,153,737
With donor restrictions	<u>102,493</u>	<u>135,248</u>
Total net assets	<u>1,404,444</u>	<u>1,288,985</u>
Total liabilities and net assets	<u><u>\$ 1,929,270</u></u>	<u><u>\$ 1,352,654</u></u>

See notes to financial statements.

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

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2025 with Comparative Totals for June 30, 2024

	2025			2024
	Without Donor Restriction	With Donor Restriction	Total	Total
Revenue and Other Support				
Grants	\$ 0	\$ 18,085	\$ 18,085	\$ 10,000
Contributions	135,584	121,596	257,180	314,498
Fundraising	149,219	0	149,219	32,891
Donated services	170,008	0	170,008	216,394
Donated goods	1,545,813	0	1,545,813	1,511,324
Retail sales	436,636	0	436,636	405,586
Net assets released from restrictions	172,436	(172,436)	0	0
Total revenue and other support	<u>2,609,696</u>	<u>(32,755)</u>	<u>2,576,941</u>	<u>2,490,693</u>
Expenses				
Program services				
Medical and Dental Clinic	1,109,829	0	1,109,829	1,181,804
Transitional Housing Program	145,252	0	145,252	126,221
Thrift Store and Emergency Helps Program	1,083,333	0	1,083,333	1,003,970
Total program expenses	<u>2,338,414</u>	<u>0</u>	<u>2,338,414</u>	<u>2,311,995</u>
Supporting services				
Fundraising	25,739	0	25,739	8,857
General and administrative	97,329	0	97,329	94,776
Total supporting services expenses	<u>123,068</u>	<u>0</u>	<u>123,068</u>	<u>103,633</u>
Total expenses	<u>2,461,482</u>	<u>0</u>	<u>2,461,482</u>	<u>2,415,628</u>
Change in Net Assets	148,214	(32,755)	115,459	75,065
Net assets at beginning of year	<u>1,153,737</u>	<u>135,248</u>	<u>1,288,985</u>	<u>1,213,920</u>
Net assets at end of year	<u><u>\$ 1,301,951</u></u>	<u><u>\$ 102,493</u></u>	<u><u>\$ 1,404,444</u></u>	<u><u>\$ 1,288,985</u></u>

See notes to financial statements.

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

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2025 with Comparative Totals for June 30, 2024

	2025							2024
	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	\$ 102,388	\$ 64,768	\$ 295,513	\$ 462,669	\$ 7,837	\$ 43,794	\$ 514,300	\$ 485,563
Payroll taxes	6,965	3,792	24,310	35,067	0	8,819	43,886	39,957
Donated services	170,008	0	0	170,008	0	0	170,008	216,394
Thrift store cost of goods sold	0	0	461,706	461,706	0	0	461,706	428,996
Donated medications	751,013	0	0	751,013	0	0	751,013	785,929
Donated in-kind - clothing/household	0	0	198,026	198,026	0	0	198,026	153,805
Donated in-kind - food	0	351	24,404	24,755	0	0	24,755	27,901
Donated medical supplies	7,394	0	0	7,394	0	0	7,394	7,323
Laboratory cost	28,062	0	0	28,062	0	0	28,062	22,915
Direct assist	0	11,778	7,513	19,291	0	0	19,291	13,271
Fundraising expenses	0	0	0	0	16,349	0	16,349	0
Depreciation	10,013	15,375	8,692	34,080	0	11,080	45,160	43,404
Advertising	0	0	86	86	0	635	721	350
Occupancy	13,964	17,304	20,308	51,576	0	121	51,697	51,564
Repair and maintenance	1,691	7,427	15,428	24,546	0	0	24,546	35,508
Insurance	10,942	13,427	8,521	32,890	0	403	33,293	25,631
Professional fees	0	0	0	0	0	19,126	19,126	27,630
Bank fees	0	4	8,377	8,381	982	40	9,403	7,890
Interest expense	0	6,042	0	6,042	0	0	6,042	0
Miscellaneous expenses	7,389	4,984	10,449	22,822	571	13,311	36,704	41,597
Total expenses by function	\$ 1,109,829	\$ 145,252	\$ 1,083,333	\$ 2,338,414	\$ 25,739	\$ 97,329	\$ 2,461,482	\$ 2,415,628

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 with Comparative Totals for June 30, 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ 115,459	\$ 75,065
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	45,160	43,404
(Gain) on sale of property and equipment	0	(122)
Changes in assets and liabilities:		
Decrease (increase)		
Inventories	(118,134)	(121,679)
Employee retention tax credit receivable	0	8,699
Increase (decrease)		
Accounts payable and accrued expenses	(20,843)	25,058
Net cash provided by operating activities	21,642	30,425
Cash Flows from Investing Activities		
Purchase of property and equipment	(38,202)	(20,694)
Proceeds from sale of property and equipment	0	2,000
Net cash used in investing activities	(38,202)	(18,694)
Cash Flows from Financing Activities		
Advance from Board member proceeds (payments)	0	(20,000)
Net decrease in cash	(16,560)	(8,269)
Cash at beginning of year	138,645	146,914
Cash at end of year	\$ 122,085	\$ 138,645
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	\$ 6,042	\$ 0
Supplemental Schedule of Noncash Investing and Financing Activities		
Building acquired in exchange for construction mortgage note payable (net of cash paid)	\$ 482,000	\$ 0

See notes to financial statements.

OPERATION CARE, INC.

A Not-for-Profit Organization

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 with Comparative Totals for June 30, 2024

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. Various 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 (U.S. GAAP). Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2024, 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 that are available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets that are 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. 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, 2025 with Comparative Totals for June 30, 2024

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

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.

Construction-in-Progress

Construction-in-progress includes direct and indirect expenditures for the construction and expansion of the facilities and is stated at original cost. Construction-in-progress includes certain costs incurred under a construction contract including project management services, engineering and schematic design services, design development, construction services and other construction-related fees, and certain assets not in use. Once a building or expansion project becomes operational, these capitalized costs are allocated to certain property, plant, and equipment categories and are depreciated over the estimated useful life of the underlying assets.

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 \$5,000 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 following estimated useful lives:

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

Revenue Recognition

The Organization recognizes revenue related to thrift store retail sales in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. The Organization's revenue 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 is 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.

OPERATION CARE, INC.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2025 with Comparative Totals for June 30, 2024

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

Revenue Recognition (Continued)

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 significant returns or refunds. In addition, the Organization does not have significant financing components in its customer contracts.

As previously stated, revenue from retail sales is recognized at a point in time. Total revenue related to retail sales recognized at a point in time was \$436,636 and \$405,586 for the years ended June 30, 2025 and 2024, 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 the Organization's grants, contributions, fundraising, and donated goods and services is outside the scope of ASC Topic 606, *Revenue from Contracts with Customers*. The Organization does not provide the donor with benefits in return for a contribution or donation, nor does the Organization provide services to a grantor or donor in exchange for the grant or donation. Therefore, there is no exchange transaction and ASC 606 does not apply.

See Note 9 for further information on policies for donated medical services, donated medications and supplies, and donated goods.

Contributions and Grants

Gifts of cash and other assets received without donor stipulations are measured at their fair value and 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.

Leases

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

OPERATION CARE, INC.

A Not-for-Profit Organization

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 with Comparative Totals for June 30, 2024

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

Leases (Continued)

The Organization made an accounting policy election available under Topic 842 not to recognize right-of-use (ROU) assets and lease liabilities for leases with a term of 12 months or less and instead recognizes the lease payments in changes in net assets on a straight-line basis over the lease term. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842). The Organization elected to use this risk-free borrowing rate for all leases. For any lease in which the rate implicit in the lease is readily determinable, that rate must be used instead of the risk-free borrowing rate.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which would be initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent would be recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease, if present in the lease, are included in the lease payments only when it is probable that they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for all equipment lease asset classes. The non-lease components typically represent additional services transferred to the Organization, such as maintenance for equipment. Additionally, the Organization makes payments to or on behalf of the lessor for reimbursement of certain costs, such as property taxes and insurance. These payments are non-component costs representing additional consideration in the contract, which is allocated to the single lease component. Non-lease component costs that are fixed in nature are included with the lease payments in the calculation of the lease liabilities and ROU assets; however, non-lease component costs that are variable in nature are recorded in variable lease expense in the period incurred.

For the years ended June 30, 2025 and 2024, there were no leases.

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, 2025 with Comparative Totals for June 30, 2024

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

Fundraising

Fundraising costs are expensed as incurred. Fundraising costs incurred for the years ended June 30, 2025 and 2024 were \$33,063 and \$13,261, respectively.

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.

Use of Estimates

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

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 the 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 \$436,636 and \$405,586 for the years ended June 30, 2025 and 2024, respectively.

OPERATION CARE, INC.
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NOTES TO FINANCIAL STATEMENTS
 June 30, 2025 with Comparative Totals for June 30, 2024

Note 2 – Liquidity and Availability (Continued)

	<u>2025</u>	<u>2024</u>
Cash	\$ 122,085	\$ 138,645
Less: Donor restrictions	<u>(102,493)</u>	<u>(135,248)</u>
Total cash without donor restrictions	<u>\$ 19,592</u>	<u>\$ 3,397</u>

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, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Thrift Store	\$ 58,554	\$ 63,833
Food Pantry	14,840	7,611
Medications	<u>507,086</u>	<u>390,902</u>
	<u>\$ 580,480</u>	<u>\$ 462,346</u>

Note 4 – Property and Equipment

Property and equipment at June 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Buildings and land	\$1,195,288	\$1,168,967
Equipment	164,479	158,317
Vehicles	14,800	14,800
Construction-in-progress	<u>487,718</u>	<u>0</u>
	1,862,285	1,342,084
Accumulated depreciation	<u>(635,580)</u>	<u>(590,421)</u>
	<u>\$1,226,705</u>	<u>\$ 751,663</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$45,160 and \$43,404, respectively.

OPERATION CARE, INC.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2025 with Comparative Totals for June 30, 2024

Note 5 – Construction Mortgage Note Payable and Line of Credit

The Organization has a construction mortgage note payable with a principal of \$482,000. The note provides for interest at Prime no less than six percent and is due October 25, 2026. The outstanding principal balances on the note at June 30, 2025 and 2024 were \$482,000 and \$0, respectively.

The Organization has a construction line of credit with maximum borrowings of \$300,000. The note provides for interest at Prime no less than six percent, and is due December 2, 2026. The outstanding borrowings on this line of credit at June 30, 2025 and 2024 were \$0.

The notes are secured by the acquired building under construction and the Thrift Store.

The lender holds an assignment of all rental income generated from present and future leases of the property, which forms part of the collateral securing the debt.

Total interest expense for the years ended June 30, 2025 and 2024 was \$6,042 and \$0, respectively.

Note 6 – Commitments and Contingencies

Paycheck Protection Program Loan

During the year ended June 30, 2020, the Organization received a Paycheck Protection Plan (PPP) loan under the CARES Act. The Organization believes it met the eligibility criteria for qualification to receive the PPP loan and used the proceeds only for qualifying expenses eligible under the CARES Act. The Organization received formal forgiveness from the Small Business Association (SBA) on December 21, 2020. The Organization believes it has met the subsequent criteria for forgiveness of the PPP loan as set forth in the CARES Act; however, the loan is subject to review by the SBA, which could result in the partial or full repayment of the loan by the Organization.

Employee Retention Credit

During the year ended December 31, 2023, the Organization applied for and received ERCs totaling \$8,699 enacted under the CARES Act and other subsequent legislation. The Organization believes it met the eligibility criteria for qualification to receive the ERCs it claimed; however, until the statute of limitations for each associated quarterly payroll tax return expires, an Internal Revenue Service examination could result in the partial or full repayment of the ERCs by the Organization.

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

NOTES TO FINANCIAL STATEMENTS
 June 30, 2025 with Comparative Totals for June 30, 2024

Note 7 – Net Assets with Donor Restrictions

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

	<u>2025</u>	<u>2024</u>
Purpose restrictions		
Life enrichment center	\$ 18,981	\$ 18,981
Community Christmas	5,231	6,431
Transitional housing	58,032	94,987
Food pantry	18,034	14,849
Child enrichment	<u>2,215</u>	<u>0</u>
	<u>\$102,493</u>	<u>\$135,248</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose restrictions		
Medical clinic	\$ 34,951	\$ 46,512
Community Christmas	11,949	7,581
Transitional housing	111,294	22,428
Food pantry	8,372	6,989
Child enrichment	<u>5,870</u>	<u>0</u>
	<u>\$172,436</u>	<u>\$ 83,510</u>

OPERATION CARE, INC.

A Not-for-Profit Organization

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 with Comparative Totals for June 30, 2024

Note 8 – Donated Goods and Services

Donated goods and services recognized as revenues for the years ended June 30, 2025 and 2024, included in the financial statements, were as follows:

	<u>2025</u>	<u>2024</u>
Clothing/household goods	\$ 678,616	\$ 603,491
Medical services	170,008	216,394
Medications	<u>867,197</u>	<u>907,833</u>
	<u>\$ 1,715,821</u>	<u>\$ 1,727,718</u>

Donated Medical Services: A number of individuals have volunteered their services to the Organization. Contributed services recognized include professional services from physicians, nurses, pharmacists, and various other medical professionals that have provided services for the Medical Clinic. 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. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current market rates for similar medical services.

Donated Medications and Medical Supplies: During the years ended June 30, 2025 and 2024, the Organization received \$867,197 and \$907,833, respectively, of donated medications and medical supplies to the medical clinic. The medications and medical supplies were donated to the Organization by various pharmacies. It is the policy of the Organization that the donated items are recorded in the financial statements as contributions and as expense at the current fair value from various pharmaceutical websites for the years ended June 30, 2025 and 2024.

Donated Clothing and Household Goods: During the years ended June 30, 2025 and 2024, the Organization had cost of goods sold of \$461,706 and \$428,996 related to donated clothing and household goods to thrift store customers and donated \$198,026 and \$153,805 to individuals in need and other charitable organizations, respectively. These items were donated to the Organization from various donors. The items are recorded as contributions and expense based on their relative fair values for the years ended June 30, 2025 and 2024.

Note 9 – Subsequent Events

The Organization has evaluated subsequent events through March 30, 2026, the date on which the financial statements were available to be issued.

Subsequent to the year ended June 30, 2025, the Organization, has borrowed approximately \$292,000 on the line of credit to facilitate construction of the new facility. The Organization expects to fund construction and these obligations with additional grants and fundraising.