

**OPERATION HOPE - NORTH COUNTY, INCORPORATED
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

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BECK and COMPANY, CPAs

INDEPENDENT AUDITOR'S REPORT OPERATION HOPE - NORTH COUNTY, INCORPORATED AUDITED FINANCIAL STATEMENTS JUNE 30, 2025

To the Board of Directors
OPERATION HOPE - NORTH COUNTY, INCORPORATED

Opinion

We have audited the accompanying financial statements of Operation Hope – North County, Incorporated, (a nonprofit organization herein after referred to as 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Operation Hope – North County, Incorporated as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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.

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 Association's ability to continue as a going concern for 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 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.

INDEPENDENT AUDITOR'S REPORT (cont.)

In performing an audit in accordance with generally accepted 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 Organizations 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 Association'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.

BECK and COMPANY, CPAs, Inc.

Charles Beck, CPA

Carlsbad, California

March 25, 2026

OPERATION HOPE - NORTH COUNTY, INCORPORATED
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash	\$ 566,359	\$ 149,941	\$ 716,300
Accounts Receivable	26,572	-	26,572
Prepaid Expenses	17,241	-	17,241
Fixed Assets	1,252,586	-	1,252,586
Accumulated Depreciation	(534,989)	-	(534,989)
Land	463,900	-	463,900
TOTAL ASSETS	<u>\$ 1,791,670</u>	<u>\$ 149,941</u>	<u>\$ 1,941,611</u>
<u>LIABILITIES:</u>			
Accounts Payable	\$ 12,185	\$ -	\$ 12,185
Loans Payable (Footnote 7)	425,000	-	425,000
Payroll and related liabilities	61,099	-	61,099
Deferred Income	149,941	-	149,941
TOTAL LIABILITIES	<u>\$ 648,225</u>	<u>\$ -</u>	<u>\$ 648,225</u>
<u>NET ASSETS</u>			
Without Donor Restrictions	1,143,445	-	1,143,445
With Donor Restrictions	-	149,941	149,941
TOTAL NET ASSETS	<u>\$ 1,143,445</u>	<u>\$ 149,941</u>	<u>\$ 1,293,386</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,791,670</u>	<u>\$ 149,941</u>	<u>\$ 1,941,611</u>

OPERATION HOPE - NORTH COUNTY, INCORPORATED
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUES</u>			
Revenues and Support:			
Business and Foundations	\$ 425,818	\$ 20,170	\$ 445,988
Non Government Grants	380,116	-	380,116
Government Funding	523,902	-	523,902
Special Events	30,350	-	30,350
In Kind Support	17,914	-	17,914
Miscellaneous Support	11,932	-	11,932
Investment Income	10,211	-	10,211
Net Assets released from restrictions	100,259	(100,259)	-
TOTAL SUPPORT AND REVENUES	1,500,501	(80,089)	1,420,412
<u>EXPENSES</u>			
Program Expenses	809,084	-	809,084
Management Expenses	382,766	-	382,766
Development and Fundraising Expenses	188,727	-	188,727
Total Expenses	1,380,577	-	1,380,577
INCREASE (DECREASE) IN NET ASSETS	119,924	(80,089)	39,835
NET ASSETS, BEGINNING OF YEAR	1,023,520	230,030	1,253,550
NET ASSETS, END OF YEAR	\$ 1,143,444	\$ 149,941	\$ 1,293,385

See accompanying notes to financial statements

Statement of Activity by Class
Operation Hope-North County, Inc.
July, 2024-June, 2025

Accounts	Programs	Administrative	Fundraising	Total
Salaries & Wages	\$ 619,090	\$ 81,224	\$ 122,267	\$ 822,582
Employee Benefits	14,491	1,932	2,898	19,321
Payroll Taxes	58,156	7,644	11,502	77,301
Payroll Service Fees	-	4,326	-	4,326
Paid Time Off	-	11,927	157	12,084
Workers Comp	-	20,954	-	20,954
Contractors - General	400	5,699	2,590	8,689
Accounting	-	31,906	-	31,906
Attorney & Legal	-	840	-	840
IT Consultant	-	21,718	-	21,718
Fundraising Consultants	-	-	17,900	17,900
HR Consulting	-	11,940	-	11,940
Program Consultants	3,824	-	-	3,824
Office Supplies	1,963	12,447	99	14,509
Telephone & Internet	10,099	5,608	17	15,724
Postage & Shipping	-	190	1,922	2,112
Equipment Rental	220	-	-	220
Technology < \$2,500	9,061	8,658	1,655	19,374
Furniture & Equipment < \$2,500	1,879	1,092	-	2,971
Printing & Copying	81	5,725	1,724	7,530
Subscriptions	538	7,314	2,976	10,828
Donor Cultivation	-	-	33	33
Office & Storage Rent	-	24,000	-	24,000
Repairs & Maintenance	12,770	10,439	8	23,217
Property Taxes	-	12,131	-	12,131
Vehicle	2,296	130	-	2,426
Security	444	-	-	444
Depreciation & Amortization	-	50,165	-	50,165
Transportation	-	566	237	803
Mileage	-	444	12	455
Airfare	-	995	-	995
Travel Meals	397	37	101	535
Hotels & Lodging	-	758	-	758
Conference Registration Fees	60	545	1,568	2,173
Program Supplies	196	-	-	196
Toiletries and Personal Care Items	125	-	-	125
Cleaning Supplies	458	-	-	458
Kitchen and Food Supplies	2,868	-	-	2,868
Childcare Supplies	222	-	-	222
Medical and First Aid Supplies	23	-	-	23
Other Program	16,024	-	-	16,024
Youth Program	5,774	-	-	5,774
Community Engagement	2,616	-	11	2,627
Pantry Expenses	968	-	-	968
Shelter Utilities	23,521	1,293	-	24,815
Breakfast Meals	106	-	-	106
Dinner Meals	15,438	-	-	15,438
Resident Clearance	771	10	-	781
Resident Transportation	61	-	14	75
Client Emergency (EM) Fund	500	-	-	500
Insurance - Non-employee Related	-	24,562	-	24,562
Membership Dues - Organization	-	1,062	2,592	3,653
Employment Expenses	-	-	-	-
Onboarding & Screening Test	137	1,831	513	2,480
Volunteer Training	-	39	134	173
Staff Appreciation	54	5,966	106	6,126
Recruiting Expense	55	3,051	125	3,231
Volunteer Appreciation	252	135	-	388
Bank Fees	-	639	228	867
Merchant Fees	-	402	2,103	2,505
Advertising Expenses	-	2,052	471	2,523
Business Taxes & Licensing Fees	-	317	1	318
Other Expenses	42	1	9	53
9430 In-Kind Goods Exp	3,102	57	14,755	17,914
Total Expenses	\$ 809,084	\$ 382,766	\$ 188,727	\$ 1,380,577

OPERATION HOPE - NORTH COUNTY, INCORPORATED
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (Decrease) in Net Assets	\$	39,835
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities by operating activities:		
Adjustment in Accumulated Depreciation		50,165
(Increase) decrease in:		
Receivables		(26,572)
Prepaid Expenses		5,150
Other Assets		187
Increase (decrease) in:		
Accounts Payable		3,192
Other Liabilities		40,775
Deferred Income		<u>(80,089)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		32,643

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of assets		<u>(29,069)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		<u>(29,069)</u>

NET INCREASE (DECREASE) IN CASH 3,574

CASH AT BEGINNING OF YEAR 712,726

CASH AT END OF YEAR \$ 716,300

Reconciliation to Statement of Financial Position:

Cash	\$	566,359
Restricted cash		<u>149,941</u>
Cash and restricted cash at end of year		<u><u>\$ 716,300</u></u>

OPERATION HOPE - NORTH COUNTY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – ORGANIZATION

OPERATION HOPE - NORTH COUNTY, INCORPORATED, (“Operation Hope”), was incorporated on September 15, 2004, as a nonprofit public benefit corporation in the State of California. The corporation’s purpose under the California Nonprofit Public Benefit Corporation Law is for charitable activities. The corporation’s primary mission and principal activity is providing a year-round shelter for homeless families in the Vista California area utilizing its owned facility. In addition, the corporation provides case management and other services coordinated by the area’s faith community. Funding for the corporation’s activities and programs comes from a combination of governmental agencies grants, private donations and fund-raising events, and support from local churches.

NOTE 2 – DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the corporation has evaluated events and transactions for potential recognition or disclosure through the date of the audit report, which is the date that the financial statements were available to be issued.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statements and Fund Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs). To ensure observance of any limitations and restrictions placed on the use of resources available to Operation Hope, the corporation’s books of accounts are maintained in accordance with the principles of fund accounting. These are the procedures by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose.

Support, Contributions, and Grant Revenue

All Support, Contributions, and Grant(s) revenues are considered to be available for unrestricted use unless specifically restricted by the donor. For Contributions, the corporation complies with ASC 958, “Accounting for Contributions Received and Contributions Made.” Contributions are defined as an unconditional transfer of cash or other asset(s) to an entity, or a settlement or cancellation of its liabilities in a voluntary non-reciprocal transfer. Other assets include use of facilities (or utilities), services and unconditional promises to give these items in the future. Generally, contributions received are recognized as revenues in the period received at fair market value. In situations where contributions are restricted or conditional upon the corporation incurring certain qualifying expenses such contributions become unrestricted or unconditional upon the expense being incurred. Accordingly, these revenues and costs are recognized when incurred.

OPERATION HOPE - NORTH COUNTY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which contributions are received are classified as net assets without donor restrictions.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The contribution element is recognized immediately, unless there is a right of return if the special event does not take place.

Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Donated Services and Supplies

The corporation follows the practice of recording donated services only in instances where non-financial assets are thereby created or enhanced or where services are provided which require specialized skills, are provided by such skilled individuals and would typically need to be purchased. In addition, the corporation's programs and fund-raising activities have benefited from the significant amounts of time donated by other volunteers which has been expressed in the financial statements at an equivalent fair market value.

The corporation has estimated the value of food and other various community services, and other supplies donated to the corporation which are used to fulfill the operating requirements of the shelter.

Pledges

The corporation may obtain pledges from time to time for its various programs and projects. These pledges are non-binding and therefore are recorded as donations at the time the funds are actually received.

Cash and cash equivalents

In reporting cash, the corporation considers all highly liquid assets and any investments with maturities of 90 days or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions, if made.

OPERATION HOPE - NORTH COUNTY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Property and Equipment

In the balances of Property and Equipment are some assets recorded at a nominal value as of January 1, 2006, as prior to that date detail records were not maintained. Substantially all of the property and equipment was donated to the corporation. Subsequent to 2006 purchases of property and equipment have been recorded at cost. Depreciation is not provided for those assets recorded at nominal value. Depreciation is applied to subsequently capitalized assets using the straight-line method over the respective assets' useful lives.

Fixed Assets	
Fixed Operating Assets	
Furniture, Fixtures, & Equipment	\$ 75,013
Buildings	447,786.42
Buildings Improvements	476,616.40
Land Improvements	253,169.39
Land	463,900.00
Total for Fixed Operating Assets	\$ 1,716,486
Accum Depreciation - Fixed Operating Assets	
Accum Deprec - Furn, Fix, Equip	\$ (51,165)
Accum Deprec - Buildings	(163,400)
Accum Deprec - Building Improvements	(165,502)
Accum Deprec - Land Improvements	(154,921)
Total for Accum Depreciation - Fixed Operating Assets	\$ (534,989)
Net Fixed Assets	\$ 1,181,497

Economic Concentrations

The corporation's operations are conducted solely in Vista, California. During the year ended JUNE 30, 2025, the corporation received some significant contributions from a limited number of sources which are an Economic Concentration. The corporation depends on contributions and donations from both public and private funding sources. Based on the strength of the organization's Statement of Financial Position, the corporation does not see any risk to its facility in this Economic Concentration.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The corporation receives substantial funding from government agencies which may be restricted under the terms of the related funding agreements. When restricted, expenditures are charged against these restricted funds and are subject to audit by the funding agencies. It is possible future audits will result in expenditure disallowances; however, based on their knowledge of the funding agencies and the fact that no material cost disallowances have occurred in the past, management believes that any such disallowances will not be material. At the year ended JUNE 30, 2025, the corporation had loans (see Note 7 below) which have certain ongoing covenants.

OPERATION HOPE - NORTH COUNTY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

As of the year ended JUNE 30, 2025, the total net assets with donor restrictions is \$149,941. The amount consists of donor restricted support or contributions consisting of cash for which the related restrictions had not lapsed or yet been met as of JUNE 30, 2025.

NOTE 6 – INCOME TAXES

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when its more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, Interest and penalties, accounting in Interim periods, disclosure and transition. As of June 30, 2025, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

NOTE 7 – LOANS

The corporation is responsible for the following loans:

1. City of Vista for \$225,000: This loan was executed October 3, 2012, with the signing of a Promissory Note. The funds were transacted through an Escrow Account for the purpose of purchasing the Real Property for the corporation's facility site at 857-859 E. Vista Way, Vista, California. The loan is a deferred twenty (20) year interest free term loan. It is forgivable at the end of the 20-year period if the corporation, during that time, has continually maintained the property for the purposes of its mission. The Promissory Note is secured by a Deed of Trust and Security Agreement.
2. City of Vista for \$200,000: This loan was used to pay off a previous loan from the San Diego Foundation. The terms of the loan executed on January 26, 2021, with the City of Vista is for a period of eleven years running through the year 2032. This non-interest bearing loan shall be forgivable on the Expiration Date if the Real Property, beginning on the Loan Origination Date, has been continuously maintained and operated as an emergency shelter consistent with the conditions as set forth within this Agreement, or operated as another facility eligible for CDBG funds with prior written approval from HUD and the City of Vista. The Promissory Note is secured by a Deed of Trust and Security Agreement.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

OPERATION HOPE - NORTH COUNTY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – SUPPLEMENTARY INFORMATION

During the fiscal year ended June 30, 2025, Operation HOPE–North County (OHNC) provided shelter, meals, and case management to **147 unduplicated individuals**. Community volunteers supported program operations by contributing **9,628 hours of service**, with **291 volunteers** engaged throughout the year.

During the same period, **70% of participating clients exited the program to permanent housing or transitioned to other programs within the homelessness continuum of care** when their needs required longer-term or more intensive support.

Notable community and fundraising events during the year included **HOPE at Moonlight Amphitheatre (August 2024)** and the **HOPE Illuminated Gala (June 2025)**.

Program metrics (FY25):

1. Individuals served (unduplicated): **147**
2. Volunteers engaged: **291**; volunteer hours: **9,628**
3. Notable fundraising/community events: **HOPE at Moonlight Amphitheatre (Aug 2024); HOPE Illuminated Gala (Jun 2025)**