

OPERATION DIGNITY, INC.

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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AND SUPPLEMENTARY INFORMATION
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INDEPENDENT AUDITOR'S REPORT

Board of Directors

OPERATION DIGNITY, INC.

Report on Financial Statements

We have audited the accompanying financial statements of Operation Dignity, Inc., (a California nonprofit organization), which comprise the statements of financial position of Operation Dignity, Inc., (the "Organization") as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Organization'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 Organization'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, 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.

Adoption of New Accounting Standard

As discussed in Note B to the financial statements, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958): Not for Profit Entities* as of and for the year ended December 31, 2020. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2022, 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 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 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.

Prior Period Financial Statements

The financial statements of Operation Dignity, Inc. as of December 31, 2019 were audited by other auditor whose report dated November 16, 2020 expressed an unmodified opinion on those statements.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

Rancho Cordova, California
January 20, 2022



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Together as One. Grant Bennett Associates is a Member of the Alltott Global Alliance of independent professional firms.

OPERATION DIGNITY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 and 2019

ASSETS

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------|---------------------|---------------------|
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 263,739 | \$ 195,870 |
| Grants Receivable | 1,621,619 | 1,113,000 |
| Accounts Receivable | 98,882 | 100,373 |
| Prepaid Assets | <u>48,258</u> | <u>53,014</u> |
| Total Current Assets | 2,032,498 | 1,462,257 |
| FIXED ASSETS | | |
| Property and Equipment, net | 2,017,970 | 2,206,586 |
| OTHER ASSETS | | |
| Deposits | 3,078 | 3,078 |
| Cash Restricted for Capital Projects | <u>63,754</u> | <u>63,754</u> |
| Total Other Assets | 66,832 | 66,832 |
| TOTAL ASSETS | <u>\$ 4,117,300</u> | <u>\$ 3,735,675</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|---------------------|---------------------|
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 232,638 | \$ 361,032 |
| Refundable Advances | 8,290 | 207,863 |
| Accrued Payroll and Payroll Taxes | 49,132 | 156,118 |
| Accrued Vacation | 78,644 | 29,240 |
| Tenant Security Deposits Payable | 20,168 | 22,363 |
| Notes Payable - Short Term | <u>-</u> | <u>1,269</u> |
| Total Current Liabilities | 388,872 | 777,885 |
| LONG-TERM LIABILITIES | | |
| Notes Payable | 3,053,802 | 3,053,802 |
| PPP Loan | 650,265 | - |
| Accrued Interest | <u>3,292,760</u> | <u>3,136,863</u> |
| Total Long-Term Liabilities | 6,996,827 | 6,190,665 |
| TOTAL LIABILITIES | 7,385,699 | 6,968,550 |
| NET ASSETS | | |
| Without Donor Restrictions | (3,348,399) | (3,260,375) |
| With Donor Restrictions | <u>80,000</u> | <u>27,500</u> |
| TOTAL NET ASSETS | <u>(3,268,399)</u> | <u>(3,232,875)</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 4,117,300</u> | <u>\$ 3,735,675</u> |

OPERATION DIGNITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|--|---|-----------------------|
| <u>REVENUE AND SUPPORTS</u> | | | |
| Grants - Governmental | \$ 5,990,591 | \$ - | \$ 5,990,591 |
| Contributions | 523,829 | 80,000 | 603,829 |
| In-Kind Contributions | 68,584 | - | 68,584 |
| Rent Income | 372,711 | - | 372,711 |
| Interest Income | 1,077 | - | 1,077 |
| Other Income | 57,496 | - | 57,496 |
| Net Assets Released from Restrictions | <u>27,500</u> | <u>(27,500)</u> | <u>-</u> |
| Total Revenue and Supports | <u>7,041,788</u> | <u>52,500</u> | <u>7,094,288</u> |
| <u>EXPENSES</u> | | | |
| Program Services: | | | |
| Dignity Common | 945,776 | - | 945,776 |
| House of Dignity | 1,589,699 | - | 1,589,699 |
| Ashby House | 116,019 | - | 116,019 |
| Outreach Programs | 3,532,858 | - | 3,532,858 |
| Other Programs | 417,196 | - | 417,196 |
| Total Program Services | <u>6,601,548</u> | <u>-</u> | <u>6,601,548</u> |
| Supportive Services: | | | |
| Management and General | 499,764 | - | 499,764 |
| Fundraising | <u>28,500</u> | <u>-</u> | <u>28,500</u> |
| Total Expenses | <u>7,129,812</u> | <u>-</u> | <u>7,129,812</u> |
| CHANGE IN NET ASSETS | (88,024) | 52,500 | (35,524) |
| NET ASSETS - AT BEGINNING OF YEAR | <u>(3,260,375)</u> | <u>27,500</u> | <u>(3,232,875)</u> |
| NET ASSETS - AT END OF YEAR | <u>\$ (3,348,399)</u> | <u>\$ 80,000</u> | <u>\$ (3,268,399)</u> |

See notes to financial statements

OPERATION DIGNITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|-----------------------|
| <u>REVENUE AND SUPPORTS</u> | | | |
| Grants - Governmental | \$ 4,275,853 | \$ - | \$ 4,275,853 |
| Contributions | 339,673 | 27,500 | 367,173 |
| In-Kind Contributions | 107,568 | - | 107,568 |
| Rent Income | 760,179 | - | 760,179 |
| Interest Income | 436 | - | 436 |
| Other Income | 62,696 | - | 62,696 |
| Net Assets Released from Restrictions | 65,368 | (65,368) | - |
| | <u>5,611,773</u> | <u>(37,868)</u> | <u>5,573,905</u> |
| Total Revenue and Supports | | | |
| | <u>5,611,773</u> | <u>(37,868)</u> | <u>5,573,905</u> |
| <u>EXPENSES</u> | | | |
| Program Services: | | | |
| Dignity Common | 1,001,590 | - | 1,001,590 |
| House of Dignity | 1,483,924 | - | 1,483,924 |
| Ashby House | 116,094 | - | 116,094 |
| Outreach Programs | 2,337,441 | - | 2,337,441 |
| Other Programs | 167,384 | - | 167,384 |
| Total Program Services | <u>5,106,433</u> | <u>-</u> | <u>5,106,433</u> |
| Supportive Services: | | | |
| Management and General | 438,417 | - | 438,417 |
| Fundraising | - | - | - |
| | <u>5,544,850</u> | <u>-</u> | <u>5,544,850</u> |
| Total Expenses | | | |
| | <u>5,544,850</u> | <u>-</u> | <u>5,544,850</u> |
| CHANGE IN NET ASSETS | 66,923 | (37,868) | 29,055 |
| NET ASSETS - AT BEGINNING OF YEAR | <u>(3,327,298)</u> | <u>65,368</u> | <u>(3,261,930)</u> |
| NET ASSETS - AT END OF YEAR | <u>\$ (3,260,375)</u> | <u>\$ 27,500</u> | <u>\$ (3,232,875)</u> |

See notes to financial statements

OPERATION DIGNITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Program Services | | | | | | Supporting Services | | |
|------------------------|-------------------|---------------------|----------------|----------------------|-------------------|------------------------------|---------------------------|-------------|--------------|
| | Dignity Common | House of Dignity | Ashby House | Outreach Programs | Other Programs | Total Program Services | Management and General | Fundraising | Total |
| Expenses | | | | | | | | | |
| Salaries | \$ 583,060 | \$ 833,262 | \$ 60,201 | \$ 1,405,275 | \$ 193,113 | \$ 3,074,911 | \$ 269,583 | \$ - | \$ 3,344,494 |
| Payroll Taxes | 46,695 | 65,369 | 4,921 | 112,852 | 15,283 | 245,120 | (33,510) | - | 211,610 |
| Benefits | 78,453 | 97,549 | 6,309 | 177,624 | 39,576 | 399,511 | 7,665 | - | 407,176 |
| Contract services | 5,798 | 30,869 | 498 | 744,786 | 272 | 782,223 | 46,329 | 28,500 | 857,052 |
| Client assistance | 2,139 | 1,962 | 425 | 745,787 | 19,250 | 769,563 | 1,828 | - | 771,391 |
| Insurance | 25,218 | 23,317 | 3,499 | 13,477 | - | 65,511 | 2,807 | - | 68,318 |
| Telecommunication | 4,951 | 8,426 | 3,136 | 19,324 | 1,412 | 37,249 | 8,901 | - | 46,150 |
| Supplies | 31,331 | 89,748 | 2,371 | 247,550 | 11,749 | 382,749 | 57,155 | - | 439,904 |
| Office expenses | 462 | 2,508 | 7,290 | 1,232 | 450 | 11,942 | 13,076 | - | 25,018 |
| Repair and maintenance | 64,310 | 97,572 | 2,903 | 8,830 | 12,441 | 186,056 | 3,247 | - | 189,303 |
| Automobile expenses | 8,352 | 15,921 | 1,704 | 19,394 | 7,203 | 52,574 | 9,271 | - | 61,845 |
| In-Kind Donation | - | - | - | - | - | - | 68,584 | - | 68,584 |
| Depreciation | 24,363 | 89,081 | 16,966 | (4,035) | 62,241 | 188,616 | - | - | 188,616 |
| Training and Seminars | 214 | 342 | - | 2,763 | - | 3,319 | 14,261 | - | 17,580 |
| Travel and meals | 1,502 | 3,473 | 593 | 5,887 | 283 | 11,738 | 4,496 | - | 16,234 |
| Interest | 4,449 | 97,522 | 3 | - | 53,923 | 155,897 | 112 | - | 156,009 |
| Utilities | 64,479 | 132,778 | 5,200 | 800 | - | 203,257 | 4,984 | - | 208,241 |
| Rent | - | - | - | 31,312 | - | 31,312 | 20,975 | - | 52,287 |
| Total Expenses | \$ 945,776 | \$ 1,589,699 | \$ 116,019 | \$ 3,532,858 | \$ 417,196 | \$ 6,601,548 | \$ 499,764 | \$ 28,500 | \$ 7,129,812 |

See notes to the financial statements

OPERATION DIGNITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Program Services | | | | | | Supporting Services | | |
|------------------------|-------------------|---------------------|----------------|----------------------|-------------------|------------------------------|---------------------------|-------------|--------------|
| | Dignity Common | House of Dignity | Ashby House | Outreach Programs | Other Programs | Total Program Services | Management and General | Fundraising | Total |
| Expenses | | | | | | | | | |
| Salaries | \$ 590,684 | \$ 776,342 | \$ 60,633 | \$ 1,084,295 | \$ 39,222 | \$ 2,551,176 | \$ 167,886 | \$ - | \$ 2,719,062 |
| Payroll Taxes | 51,373 | 68,563 | 5,188 | 92,371 | 3,501 | 220,996 | 16,768 | - | 237,764 |
| Benefits | 84,781 | 97,051 | 5,250 | 100,287 | 6,922 | 294,291 | 13,745 | - | 308,036 |
| Contract services | 8,764 | 63,535 | 937 | 480,140 | 62 | 553,438 | 32,932 | - | 586,370 |
| Client assistance | 5,044 | 314 | 150 | 70,258 | 6,184 | 81,950 | - | - | 81,950 |
| Insurance | 21,271 | 12,965 | 1,860 | 8,864 | 116 | 45,076 | 4,581 | - | 49,657 |
| Telecommunication | 8,087 | 8,609 | 5,030 | 14,619 | 569 | 36,914 | 3,904 | - | 40,818 |
| Supplies | 36,260 | 85,694 | 4,657 | 399,225 | 2,818 | 528,654 | 28,777 | - | 557,431 |
| Donated Goods | - | - | - | - | - | - | 107,568 | - | 107,568 |
| Office expenses | 425 | 957 | 195 | 1,567 | 79 | 3,223 | 9,482 | - | 12,705 |
| Repair and maintenance | 84,116 | 65,155 | 5,094 | 13,788 | 4,000 | 172,153 | 2,797 | - | 174,950 |
| Automobile expenses | 9,340 | 5,671 | 1,408 | 23,269 | - | 39,688 | 1,192 | - | 40,880 |
| Depreciation | 19,503 | 85,248 | 16,567 | 4,541 | 60,205 | 186,064 | - | - | 186,064 |
| Training and Seminars | 668 | 2,777 | 206 | 6,204 | 665 | 10,520 | 11,122 | - | 21,642 |
| Travel and meals | 5,176 | 3,713 | 1,638 | 7,528 | 2,082 | 20,137 | 12,104 | - | 32,241 |
| Interest | 2,199 | 79,467 | - | - | 40,959 | 122,625 | - | - | 122,625 |
| Utilities | 73,899 | 127,863 | 7,281 | 560 | - | 209,603 | 5,035 | - | 214,638 |
| Rent | - | - | - | 29,925 | - | 29,925 | 20,524 | - | 50,449 |
| Total Expenses | \$ 1,001,590 | \$ 1,483,924 | \$ 116,094 | \$ 2,337,441 | \$ 167,384 | \$ 5,106,433 | \$ 438,417 | \$ - | \$ 5,544,850 |

OPERATION DIGNITY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (35,524) | \$ 29,055 |
| <i>Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:</i> | | |
| Depreciation | 188,616 | 186,064 |
| <u>(Increase)/Decrease In Assets:</u> | | |
| Grants Receivable | (508,619) | (612,637) |
| Accounts Receivable | 1,491 | (41,171) |
| Prepaid Assets | 4,756 | (11,183) |
| Cash Restricted for Capital Projects | - | (9,788) |
| Accounts Payable | (128,394) | 272,307 |
| Refundable Advances | (199,573) | 104,728 |
| Tenant Security Deposits Payable | (2,195) | (7,526) |
| Accrued Payroll and Payroll Taxes | (106,986) | 77,238 |
| Accrued Vacation | 49,404 | (36,838) |
| Accrued Interest | 155,897 | 122,625 |
| NET CASH PROVIDED BY/ (USED BY) OPERATING ACTIVITIES | <u>(581,127)</u> | <u>72,874</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | <u>-</u> | <u>(68,608)</u> |
| NET CASH PROVIDED BY/ (USED IN) INVESTING ACTIVITIES | | (68,608) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal Payments of Notes Payable | (1,269) | (4,141) |
| Proceeds from PPP Loan | 650,265 | - |
| NET CASH PROVIDED BY/ (USED BY) FINANCING ACTIVITIES | <u>648,996</u> | <u>(4,141)</u> |
| NET INCREASE/(DECREASE) IN CASH | 67,869 | 125 |
| Beginning Cash and Cash Equivalents Balance | <u>195,870</u> | <u>195,745</u> |
| Ending Cash and Cash Equivalents Balance | <u>\$ 263,739</u> | <u>\$ 195,870</u> |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash paid for interest | <u>\$ -</u> | <u>\$ -</u> |

See notes to financial statements

OPERATION DIGNITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE A: ORGANIZATION

Operation Dignity, Inc. (the Organization) was formed to assist homeless veterans, children, and families to reach their full potential in moving to independent living and self-sufficiency. To achieve these ends, the Organization maintains residential facilities in two locations in Oakland, and one in Alameda, California. Residents live in a drug and alcohol free environment, receive case management services, and participate in the management and maintenance of the facilities.

Dignity Common - A 28-unit facility located at the former Alameda Naval Air Station provides transitional housing for veteran families and individuals. This safe and peaceful site provides up to 18 months of housing, laundry services, on-site maintenance services, professional assessment and case management, and family service referral, and the linking with other programs of the Organization and partner agencies to give support for those who wish to transition into permanent housing.

House of Dignity - A 58 bed facility located in downtown Oakland provides accessible and affordable transitional and emergency housing for homeless veterans. House of Dignity provides both 21 day housing with no fees and an 18 month program, with full kitchen services, laundry services on site, telephone and mail services, assistance with personal care items, health care assistance and educational programming, education and training classes, employment counseling and referral, benefits and income advocacy, clothing assistance, kitchen, and microwave facilities.

Ashby House - A 7-unit facility located in Berkeley provides transitional housing to homeless veterans. This site provides up to 18 months of housing, on-site maintenance services, professional assessment and case management, referrals to other programs of the Organization and partner agencies to support transition into permanent housing.

Outreach Programs - The programs are designed to allow the agency workers to locate and make contact with hard-to-reach homeless persons in Alameda County and to provide basic needs to homeless encampments such as hygiene kits, blankets, clothing, food items, etc. The agency also gathers data on demographics and service needs of the homeless population.

OPERATION DIGNITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and granters. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with a maturity of three months or less at the date of acquisition, to be cash equivalents.

Fixed Assets

Fixed assets are recorded at cost and depreciated over their estimated useful lives of five to thirty years using the straight-line method.

OPERATION DIGNITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Donated Services

Donated services are recognized as contributions, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would typically need to be purchased if not provided by donation. No amounts have been recognized in the accompanying financial statements for donated services because the above criteria have not been satisfied.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Donated property and equipment are reported as increases in net assets without donor restrictions unless the donor has restricted the use of donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Contributions

Contributions recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All contributions are available for unrestricted use unless specifically restricted by the donor. Restricted contributions, including contributions of long-lived assets, whose restrictions are met in the same reporting period are reported as unrestricted contributions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

OPERATION DIGNITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Concentration of Revenue

The Organization receives approximately 84% and 77% of its revenue from governmental sources in the years ended December 31, 2020 and 2019, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash investments and accounts receivable. The Organization places its cash in financial institutions that are insured in limited amounts by the Federal Deposit Insurance Corporation. At times, balances in the Organization's cash accounts may exceed federally insured limits, the Organization has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash.

Grants

All grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increases donor restricted net asset class. When a restriction expires, donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Organization is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code and is exempt from California franchise taxes under Section 23701d of the Revenue and Taxation Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

OPERATION DIGNITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

New Accounting Pronouncement

During fiscal year 2020, the Organization adopted FASB ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of ASC Topic 958, Not for Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Management has determined that this ASU did not significantly impact the Organization's financial statements.

NOTE C: GRANTS RECEIVABLE

Grants receivable as of December 31, 2020 and 2019 are as follows:

| | 2020 | 2019 |
|-------------------------------------|---------------------|---------------------|
| City of Oakland | \$ 1,155,525 | \$ 917,061 |
| U.S. Department of Veterans Affairs | 255,397 | 149,727 |
| City of Alameda | 89,859 | 32,937 |
| City Emeryville | 64,661 | - |
| Eden Housing | 23,751 | - |
| Resources for Community Development | 19,926 | - |
| Others | 12,500 | 13,275 |
| Total | \$ <u>1,621,619</u> | \$ <u>1,113,000</u> |

NOTE D: CASH RESTRICTED FOR CAPITAL PROJECTS

The Organization has restricted cash designated for the House of Dignity and the Dignity Common Construction Project. The California Department of Housing and Community Development and the City of Alameda required that the Organization hold cash for each project in a separate interest bearing account. Restricted cash as of December 31, 2020 and 2019 consists of the following:

| | 2020 | 2019 |
|--|------------------|------------------|
| Operating and Replacement Reserves- House of Dignity | \$ 57,737 | \$ 57,737 |
| Operating and Replacement Reserves- Dignity Common | 2,004 | 2,004 |
| Operating and Replacement Reserves- Ashby House | 4,013 | 4,013 |
| Total | \$ <u>63,754</u> | \$ <u>63,754</u> |

OPERATION DIGNITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE E: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows for the years ended December 31, 2020 and 2019:

| | 2020 | 2019 |
|-----------------|-----------|-----------|
| Passage of Time | \$ 80,000 | \$ 27,500 |

Net assets released from net assets with donor restrictions are as follows:

| | 2020 | 2019 |
|-----------------|-----------|-----------|
| Passage of Time | \$ 27,500 | \$ 65,368 |

NOTE F: PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2020 and 2019 are summarized by major classification as follows:

| | 2020 | 2019 |
|-----------------------------|--------------|--------------|
| Land | \$ 225,000 | \$ 225,000 |
| Building | 2,806,271 | 2,806,271 |
| Building Improvements | 869,805 | 869,805 |
| Leasehold Improvements | 1,267,084 | 1,267,084 |
| Vehicles | 224,725 | 224,725 |
| Furniture and Equipment | 119,169 | 119,169 |
| Subtotal | 5,512,054 | 5,512,054 |
| Accumulated Depreciation | (3,494,084) | (3,305,468) |
| Property and Equipment, Net | \$ 2,017,970 | \$ 2,206,586 |

Depreciation expenses for the years ended December 31, 2020 and 2019 were \$188,616 and \$186,064, respectively.

OPERATION DIGNITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE G: LEASES

The Organization has entered into several long-term operating leases for office space and rental property. The future minimum rental payments required under the long-term non-cancelable lease on December 31, 2020, are as follows:

| <u>Year Ending December 31:</u> | | |
|---------------------------------|----|---------------|
| 2021 | \$ | 37,806 |
| Total | \$ | <u>37,806</u> |

Total rental expenses for all operating leases for the years ended December 31, 2020 and 2019 were \$52,287 and \$50,449, respectively.

NOTE H: PPP LOAN PAYABLE

On April 23, 2020, the Organization received a loan from Community Bank of the Bay (the Lender) in the aggregate amount of \$650,265, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a Note dated April 23, 2020 issued by the Lender, matures on April 23, 2022 and bears interest at a rate of 1% per annum. The note 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. 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 CARES Act.

OPERATION DIGNITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE I: NOTES PAYABLE

Notes Payable consists of the following on December 31, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|--|-----------------|-------------|
| 3% Note Payable to the California Department of Housing and Community Development, a Loan pursuant to the California Housing Rehabilitation Program-Rental: Payable from available cash flows. Otherwise, due and payable in full, principal and accrued interest, on January 13, 2042, secured by property at 585 8th Street, Oakland, California. \$ | 1,825,100 \$ | 1,825,100 |
| 6% Note Payable to the City of Oakland, the Community Development Block Grants: Payable from available cash flows. Otherwise, due and payable in full, principal and accrued interest, on March 28, 2027, secured by property at 585 8th Street, Oakland, California. | 285,000 | 285,000 |
| 6% Note Payable to the Redevelopment Agency of the City of Oakland: Payable from available cash flows. Otherwise, due and payable in full, principal and accrued interest, on March 28, 2027, secured by property at 585 8th Street, Oakland, California. | 754,702 | 754,702 |
| 3% Note Payable to the County of Alameda, the HOME loan: No interest bearing until 2008. Payable from available cash flows. Otherwise, due and payable in full, principal and accrued interest, on December 31, 2059, secured by property at 585 8th Street, Oakland, California. | 189,000 | 189,000 |
| 2.9% Note Payable to Ford Motor Credit, Payable \$345 per month commencing April 2015 for 60 months, secured by vehicle. | - | 1,269 |
| Total | 3,053,802 | 3,055,071 |
| Less: Current Portion | - | (1,269) |
| Long-Term Portion | \$ 3,053,802 \$ | 3,053,802 |

OPERATION DIGNITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE I: NOTES PAYABLE - CONTINUED

Notes payable due as of December 31 are as follows:

| | | |
|------------|----|------------------|
| 2021 | \$ | - |
| 2022 | | - |
| 2023 | | - |
| 2024 | | - |
| 2025 | | - |
| Thereafter | | 3,053,802 |
| Total | \$ | <u>3,053,802</u> |

NOTE J: REVOLVING LINE OF CREDIT

The Organization had a revolving line of credit of \$100,000 with Community Bank of the Bay on December 31, 2020, expiring on January 16, 2022. Interest payments on the credit line are due monthly at a rate equal to the index plus 2.00%. The credit line is secured by certain personal property owned by the Organization. No outstanding balance on the line of credit as of December 31, 2020 and 2019, respectively.

NOTE K: CONTINGENCIES / CONCENTRATION OF REVENUE SOURCES

The Organization receives federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditures disallowances under terms of the grants, it is believed that any reimbursements resulting from disallowance will not be material.

NOTE L: RELATED PARTY TRANSACTIONS

The Organization paid \$950 and \$950 in 2020 and 2019 to a Board of Director for accounting services.

NOTE M: RETIREMENT PLAN

The Organization established a Section 401(k) plan (the "Plan") effective in March 2017. The Plan covers all employees who meet age and length of service requirements. The Organization is not required to make contributions to the plan and made no contributions to the Plan for the years ended December 31, 2020 and 2019.

OPERATION DIGNITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE N: LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Financial asset amounts that are available for use within one year:

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Cash and Cash Equivalent | \$ 263,739 | \$ 195,870 |
| Grants Receivable | 1,621,619 | 1,113,000 |
| Accounts Receivable | 98,882 | 100,373 |
| Cash Restricted for Capital Projects | 63,754 | 63,754 |
| Total Financial Assets | <u>2,047,994</u> | <u>1,472,997</u> |
| Less those unavailable for general expenditures within one year due to: | | |
| Net Assets with Donor restrictions | (80,000) | (27,500) |
| Cash Restricted for Capital Projects | <u>(63,754)</u> | <u>(63,754)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | \$ <u>1,904,240</u> | \$ <u>1,381,743</u> |

The Organization has \$1,904,240 and \$1,381,743 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures including cash of \$263,739 and \$195,870 as of December 31, 2020 and 2019. The *grants and accounts receivable* are subject to implied time restrictions but are expected to be collected within one year.

The Organization has a goal to maintain financial assets, which consist of cash, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$924,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition, as part of its liquidity management, the Organization has a line of credit with Community Bank of the Bay in the amount of \$100,000. At December 31, 2020 and 2019, the Organization had not drawn money on the line of credit.

OPERATION DIGNITY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE O: GOING CONCERN CONSIDERATION

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplates continuation of the Organization as a going concern. However, as indicated in the accompanying financial statements, the Organization had net assets of \$(3,268,399) and \$(3,232,875) for the years ended December 31, 2020 and 2019, respectively. These factors create an uncertainty about the Organization's ability to continue as a going concern. The board of directors and management have developed a plan to reduce the Organization's liabilities and increase its cash flow through reduction in expenses, aggressive fundraising, and additional contracts. The ability of the Organization to continue as a going concern is dependent on the plan's success. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.

NOTE P: SUBSEQUENT EVENTS

The Organization's management has evaluated its subsequent events through January 20, 2022, the date the financial statements were available to be issued, and determined to disclose the following subsequent event:

The spread of coronavirus (COVID-19) around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Operation Dignity, Inc.

We have audited the financial statements of Operation Dignity, Inc. as of and for the year ended December 31, 2020, and have issued our report thereon dated January 20, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and their records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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Rancho Cordova, California
January 20, 2022



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OPERATION DIGNITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

| Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures |
|---|----------------------------|--|-----------------------------------|
| <u>Department of Veterans Affairs</u> | | | |
| <i>Direct:</i> | | | |
| VA Homeless Providers Grant and Per Diem Program | 64.024 | N/A | \$ 1,700,995 |
| Community Based Transitional Housing & Services Grant | 64.024 | VA261-17-D0221 | <u>204,074</u> |
| Total Department of Veterans Affairs | Subtotal 64.024 | | <u>1,905,069</u> |
| <u>Department of Housing and Urban Development</u> | | | |
| <i>Passed through Housing Authority of the City of Alameda:</i> | | | |
| Shelter Plus Care Program | 14.238 | N/A | 209,151 |
| <i>Passed through Oakland Housing Authority:</i> | | | |
| Housing Voucher Cluster: Section 8 Housing Choice Vouchers | 14.871 | N/A | <u>21,650</u> |
| Total Department of Housing and Urban Development | | | <u>230,801</u> |
| <u>Department of Homeland Security</u> | | | |
| <i>Passed through United Way Bay Area:</i> | | | |
| Emergency Food and Shelter National Board Program | 97.024 | N/A | <u>4,125</u> |
| Total Department of Homeland Security | | | <u>4,125</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ <u>2,139,995</u> |

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Operation Dignity, Inc. under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Operation Dignity, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Operation Dignity, Inc.

Note B: Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Operation Dignity, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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

Board of Directors
Operation Dignity, Inc.

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 Dignity, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, statement of functional expenses and statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Operation Dignity, Inc. internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Operation Dignity, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Operation Dignity, Inc.'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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Operation Dignity, Inc.'s financial statements are free of 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 effect on the determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grant Bennett Associates

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January 20, 2022



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

Board of Directors
Operation Dignity, Inc.

Report on Compliance for Each Major Federal Program

We have audited Operation Dignity, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Operation Dignity, Inc.'s major federal programs for the year ended December 31, 2020. Operation Dignity, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Operation Dignity, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Operation Dignity, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with each major program. However, our audit does not provide a legal determination of Operation Dignity, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Operation Dignity, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Operation Dignity, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Operation Dignity, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Operation Dignity, Inc.'s internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a *material weakness* in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, material weaknesses may exist that have not been identified.

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

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OPERATION DIGNITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

| | |
|---|--|
| A. SUMMARY OF AUDITOR'S RESULTS | |
| <i>Financial Statements</i> | |
| 1. Type of Financial Statement Report | UNMODIFIED |
| 2. Internal Control over Financial Reporting: Material Weakness(es) Identified Significant Deficiency(ies) Identified | NONE NONE REPORTED |
| 3. Noncompliance Disclosed by Audit Which Is Material to Financial Statements | NONE |
| <i>Federal Awards</i> | |
| 1. Internal Control Over Major Programs: Material Weakness(es) Identified Significant Deficiency(ies) Identified | NONE NONE REPORTED |
| 2. Type of Compliance Report Major Programs | UNMODIFIED |
| 3. Uniform Guidance Audit Finding Required to be Disclosed by Audit in Accordance with 2 CFR 200.516(a) | NONE REPORTED |
| 4. Major Programs: | 64.024 VA Homeless Providers Grant and Per Diem Program |
| 5. Dollar Threshold for Type A Programs | \$750,000 |
| 6. Auditee Qualification | NOT LOW RISK |
| B. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with GAGAS | NONE REPORTED |
| C. Findings and Questioned Costs for Federal Awards Including Audit Findings Defined in the Uniform Guidance | NONE REPORTED |

OPERATION DIGNITY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Finding 2019-1:

Sec. 200.512 (a), Report Submission, of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires that the audit must complete and the data collection form must be submitted within 9 months after the end of the audit period.

Condition:

The audit was not timely completed and the data collection form for the fiscal year ended December 31, 2019 was not timely submitted.

Recommendation:

Auditor recommend that the Organization develop internal control procedures that the data collection form is submitted within the required time period.

Status: IMPLEMENTED

No similar finding was noted in the 2020 audit.