



**THE OPERATION ANDREW GROUP, INC.**  
**Audited Financial Statements**  
**December 31, 2015 and 2014**

## Table of Contents

	<u>Page</u>
Independent Auditor's Report .....	1
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets.....	4
Statements of Cash Flows .....	6
Notes to the Financial Statements .....	7



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Operation Andrew Group, Inc.

We have audited the accompanying financial statements of The Operation Andrew Group, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Operation Andrew Group, Inc. as of December 31, 2015 and 2014 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.

A handwritten signature in blue ink, appearing to read "Price CPAs", with a stylized flourish above the "P".

Price CPAs, PLLC  
Nashville, TN  
September 26, 2016

**THE OPERATION ANDREW GROUP, INC.**  
**Statements of Financial Position**  
**December 31, 2015 and 2014**

	<b>ASSETS</b>	
	<u><b>2015</b></u>	<u><b>2014</b></u>
<b>CURRENT ASSETS</b>		
Cash	\$ 150,686	\$ 169,434
<b>PROPERTY AND EQUIPMENT</b>		
Equipment	8,422	8,422
Furniture and Fixtures	3,909	3,909
Leasehold Improvements	1,318	1,318
Accumulated Depreciation	<u>(12,822)</u>	<u>(12,359)</u>
<b>Total Property and Equipment</b>	<u>827</u>	<u>1,290</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 151,513</u></u>	<u><u>\$ 170,724</u></u>
	<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>		
Other Current Liabilities	\$ 2,506	\$ 65
<b>NET ASSETS</b>		
Unrestricted	147,238	168,890
Temporarily Restricted	<u>1,769</u>	<u>1,769</u>
<b>Total Net Assets</b>	<u>149,007</u>	<u>170,659</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 151,513</u></u>	<u><u>\$ 170,724</u></u>

See Independent Auditor's Report and Notes to Financial Statements

**THE OPERATION ANDREW GROUP, INC.**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2015 and 2014**

<b>CHANGES IN UNRESTRICTED NET ASSETS</b>	<b>2015</b>	<b>2014</b>
<b>REVENUE</b>		
Contributions	\$ 132,206	\$ 246,568
Net assets released from restrictions	35,585	62,455
<b>Total unrestricted revenues</b>	<b>167,791</b>	<b>309,023</b>
<b>EXPENSES</b>		
<b>Program services</b>		
Salaries	75,407	93,180
Rent	11,439	14,113
Telephone	4,060	3,917
Payroll tax	5,768	7,936
Contract labor	5,925	300
Employee benefits	1,445	1,290
Insurance	1,556	886
Supplies/Postage	1,377	446
Miscellaneous	263	-
Dues and subscriptions	1,125	1,155
Taxes and licenses	185	185
Gifts and flowers	2,073	49
Employee reimbursements	472	432
Auto expense	866	1,948
Meals and entertainment	857	1,263
Board meeting expense	221	235
Depreciation	347	578
Honor banquet	-	5,588
NAP/GDP	1,449	2,512
Professional fees	12,386	13,033
Office expense	5,732	7,879
Partnership fund	-	2,630
Pastor Leadership Academy	-	105
United 4 Hope	2,672	6,578
<b>Total program services</b>	<b>135,625</b>	<b>166,238</b>

See Independent Auditor's Report and Notes to Financial Statements

**THE OPERATION ANDREW GROUP, INC.**  
**Statements of Activities and Changes in Net Assets (continued)**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Support services</b>		
Salaries	25,136	31,060
Rent	3,813	4,704
Telephone	1,353	1,306
Payroll tax	1,923	2,645
Employee benefits	482	430
Contract labor	1,975	100
Insurance	519	295
Supplies/Postage	459	149
Miscellaneous	84	-
Dues and subscriptions	375	385
Taxes and licenses	62	62
Gifts and flowers	691	16
Employee reimbursements	157	144
Auto expense	289	649
Meals and entertainment	286	421
Board meeting expense	74	78
Depreciation	116	192
Honor banquet	-	1,863
Professional fees	4,129	4,345
Office expense	1,911	2,625
	<u>43,834</u>	<u>51,469</u>
<b>Fundraising Services</b>	<u>9,984</u>	<u>14,602</u>
<b>Total Support Services</b>	<u>53,818</u>	<u>66,071</u>
<b>Total Expenses</b>	<u>189,443</u>	<u>232,309</u>
<b>Net Increase (Decrease) in Unrestricted Net Assets</b>	(21,652)	76,714
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	35,585	26,480
Net assets released from donor restrictions	<u>(35,585)</u>	<u>(62,455)</u>
<b>Net Change in Temporarily Restricted Net Assets</b>	<u>-</u>	<u>(35,975)</u>
<b>Increase (Decrease) in Net Assets</b>	(21,652)	40,739
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>170,659</u>	<u>129,920</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 149,007</u>	<u>\$ 170,659</u>

See Independent Auditor's Report and Notes to Financial Statements



**THE OPERATION ANDREW GROUP, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in net assets	\$ (21,652)	\$ 40,739
<b>Adjustments to reconcile increase (Decrease) in net assets to</b>		
<b>Net cash provided by operating activities</b>		
Depreciation	463	770
<i>Change in assets and liabilities:</i>		
Payroll taxes payable	2,441	-
<b>Net cash provided (used) by operating activities</b>	<u>(18,748)</u>	<u>41,509</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	-
<b>Net cash provided (used) by investing activities</b>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash</b>	(18,748)	41,509
Cash at Beginning of Year	<u>169,434</u>	<u>127,925</u>
<b>Cash at End of Year</b>	<u><u>\$ 150,686</u></u>	<u><u>\$ 169,434</u></u>

See Independent Auditor's Report and Notes to Financial Statements



**THE OPERATION ANDREW GROUP, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 1 – Nature of Entity**

The Operation Andrew Group, Inc. (the “Organization”) is an organization that seeks to unite believers through hands-on ministries that tear down walls and build connections so that believers may present one loving face of Christ to those who do not know Him. The Organization accomplishes its mission by partnering with churches of varying ethnic and denominational groups. The Organization helps churches go around, above or through whatever separates them to focus on their common mission of showing love and truth to each other and to people in need in their communities.

**Note 2 – Summary of Significant Accounting Policies**

This summary of significant accounting policies of The Operation Andrew Group, Inc. is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, who is responsible for their integrity and objectivity.

**Basis of Accounting**

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation and Net Assets**

The financial statements of The Operation Andrew Group, Inc. are prepared in conformity with the standards promulgated by the Financial Accounting Standards Board in FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made* and FASB ASC 958-225, *Financial Statements of Not-for-Profit Organizations*.

The financial statements are prepared in accordance with generally accepted accounting principles promulgated in the United States of America for not-for-profit organizations. The Organization therefore reports information about its financial position and activities using three classes of net assets that recognize the existence and nature of restrictions on its net assets.

Unrestricted net assets represent resources over which the Board of Directors has unlimited discretionary control to carry out the activities of the organization in accordance with the Articles of Incorporation and By-laws. The Board of Directors may designate portions of its unrestricted net assets as board designated for various purposes.

Temporarily restricted net assets represent resources whose use is limited by donor-imposed restrictions that will be met either by actions of the organization or by the passage of time. *See Note 3.*

Permanently restricted net assets represent resources whose use is limited by donor-imposed restrictions that require the net assets to be maintained permanently. The Organization currently has no permanently restricted net assets.

**Revenue Recognition**

All contributions 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 temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**THE OPERATION ANDREW GROUP, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**Cash and Cash Equivalents**

Cash equivalents consist of short-term highly liquid investments that are readily convertible into cash within ninety days of purchase.

**Fair Value of Financial Instruments**

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

- Current Assets and Liabilities: The carrying values of these items approximate their fair values due to the short maturities of these instruments.

**Concentration of Credit Risks**

The Organization maintains its cash in bank deposit accounts at regional financial institutions, which at times, may exceed the FDIC limit. The Organization has not experienced any losses in such accounts; therefore management believes it is not exposed to any significant credit risk related to cash and cash equivalents. The Organization's operations are located in Middle Tennessee, which may be subject to risks associated with local economic conditions.

**Property and Equipment**

Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation expense for the years ended 2015 and 2014 was \$463 and \$770, respectively. Routine repairs and maintenance are expensed as incurred. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Useful Life</u>
Equipment	5 years
Furniture and Fixtures	7 years
Leasehold Improvements	2 years

Long-lived assets held and used by the Organization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed.

**Donated Materials and Services**

Donated services are reported as contributions when the services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing these skills and would typically need to be purchased if not provided by contribution. Donated equipment or materials, if significant, are included in contributions at fair value. Donated services and materials of \$16,515 and \$17,378 have been reflected at fair value in the financial statements for the years ended December 31, 2015 and 2014, respectively. Donated services and materials consist of accounting and auditing.

**THE OPERATION ANDREW GROUP, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**Income Taxes**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Organization continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended December 31, 2015, the Organization has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS generally, for three years after they filed. Annual filings with the State of Tennessee are, similarly, subject to examination.

**Functional Allocation of Expenses**

Costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Costs are allocated between program services, support services, and fundraising services based on evaluations of the related activities. Support services include expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**Date of Management's Review**

In preparing the accompanying financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 26, 2016, which is the date the financial statements were available to be issued.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.



**THE OPERATION ANDREW GROUP, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note 3 – Temporarily Restricted Net Assets**

As of December 31, 2015 and 2014 temporarily restricted net assets consist of amounts restricted for use in the following areas:

Partnership Fund	\$ 1,769
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**Note 4 – Commitments and Contingencies**

***Leases***

On April 13, 2012, the Organization signed a lease agreement for a new copier. Lease expense totaled \$2,936 for the year ended December 31, 2015. For years ending December 31, future minimum lease payments under this lease are as follows:

Year Ending December 31,	Amount
2016	\$ 3,366
2017	1,451
	<hr/> \$ 4,817 <hr/>