



August 4, 2021

Board of Directors
The Operation Andrew Group, Inc.

This letter is to inform the Board of Directors of The Operation Andrew Group, Inc. about significant matters related to the conduct of our audit as of and for the year ended December 31, 2020, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

The Respective Responsibilities of the Auditor and Management

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated January 21, 2021. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

In our arrangement letter dated January 21, 2021, we communicated the planned scope and timing of our audit and have described to you our identification of significant risks of material misstatement.

Significant Accounting Practices, Including Policies, Estimates, and Disclosures

Listed below are our views about the qualitative aspects of The Operation Andrew Group, Inc.'s significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures. You may wish to monitor these for your oversight responsibilities of the financial reporting process:

- Significant accounting policies and practices are described in note 1 to the financial statements.
- Net assets with donor restrictions are summarized in note 5 to the financial statements.

Alternative Accounting Treatments

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides companies with several alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as *debt* and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a *conditional contribution* where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loan as debt.

Uncorrected Misstatements

There were no uncorrected misstatements other than those that were clearly trivial.

Significant Unusual Transactions

In the current period, there were no significant transactions that were outside the normal course of business for the Organization or that otherwise appeared to be unusual due to their timing, size, or nature.

Disagreements With Management

We encountered no disagreements with management about matters that, individually or in the aggregate, could be significant to the Organization's financial statements or our report.

Difficult or Contentious Matters

There were no matters that were difficult or contentious for which we consulted outside the engagement team and that we reasonably determined are relevant to your oversight of the financial reporting process.

Consultation With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties during the audit.

Independence

No factors have been identified that may reasonably be thought to bear on independence with respect to the Organization. Therefore, as of the date of this communication, we reaffirm that Blankenship CPA Group, PLLC is independent with respect to The Operation Andrew Group, Inc. in compliance with AICPA Standards.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to The Operation Andrew Group, Inc.

This report is intended solely for the information and use of the Board of Directors and is not intended to be, and should not be, used by anyone other than this specified party.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee

The Operation Andrew Group, Inc.

Financial Statements
For the Year Ending December 31, 2020

The Operation Andrew Group, Inc.
Financial Statements
For the Year Ending December 31, 2020

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Independent Auditor's Report

Board of Directors
The Operation Andrew Group, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Operation Andrew Group, Inc., which comprise the statement of financial position as of December 31, 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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, 2020, 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.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
August 4, 2021

The Operation Andrew Group, Inc.

Statement of Financial Position

December 31, 2020

Assets

Cash	\$	558,573
Grants receivable		32,912
Agency funds		18,600
Property and equipment, net		<u>3,109</u>
Total assets	\$	613,194

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$	3,285
SBA PPP loan		45,400
Agency funds		<u>18,600</u>
Total liabilities		67,285

Net assets

Without donor restrictions		350,235
With donor restrictions		<u>195,674</u>
Total net assets		<u>545,909</u>

Total liabilities and net assets	\$	613,194
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The Operation Andrew Group, Inc.
Statement of Activities
For the Year Ending December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Support			
Contributions	\$ 274,234	\$ 150,979	\$ 425,213
Grants	168,230	-	168,230
Special events			
Golf, net of direct benefit to donors of \$4,590	62,765	-	62,765
Leadership dinner	231,596	-	231,596
Other income	67	-	67
Total support and revenue	<u>736,892</u>	<u>150,979</u>	<u>887,871</u>
Expenses			
Program services	303,207	-	303,207
Supporting services			
Management and general	101,967	-	101,967
Fundraising	87,956	-	87,956
Total expenses	<u>493,130</u>	<u>-</u>	<u>493,130</u>
Increase in net assets	243,762	150,979	394,741
Net assets, beginning of year	<u>106,473</u>	<u>44,695</u>	<u>151,168</u>
Net assets, end of year	\$ 350,235	\$ 195,674	\$ 545,909

The Operation Andrew Group, Inc.
Statement of Functional Expenses
For the Year Ending December 31, 2020

	Program	Management and general	Fundraising	Total
Salaries and wages	\$ 191,633	\$ 53,124	\$ 27,000	\$ 271,757
Employee benefits	13,017	3,841	1,850	18,708
Payroll taxes	15,618	4,344	2,200	22,162
Total personnel	<u>220,268</u>	<u>61,309</u>	<u>31,050</u>	<u>312,627</u>
Advertising and promotion	-	249	1,483	1,732
Conferences and meetings	1,691	680	1,296	3,667
Depreciation	-	800	-	800
Information technology	4,042	6,602	1,806	12,450
Insurance	1,764	441	-	2,205
Occupancy	8,203	9,895	-	18,098
Office supplies	11,868	13,214	265	25,347
Other	-	2,277	-	2,277
Professional fees	30,199	6,500	16,150	52,849
Purchased services	25,172	-	-	25,172
Special events	-	-	35,906	35,906
	<u>\$ 303,207</u>	<u>\$ 101,967</u>	<u>\$ 87,956</u>	<u>\$ 493,130</u>

The Operation Andrew Group, Inc.
Statement of Cash Flows
For the Year Ending December 31, 2020

Cash, beginning of year	\$ 151,912
Cash flows from operating activities	
Change in net assets	394,741
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	800
Change in:	
Grants receivable	(32,912)
Accounts payable and accrued expenses	<u>(1,368)</u>
Net cash provided (used) by operating activities	361,261
Cash flows from financing activities	
Proceeds from SBA PPP loan	45,400
Net change in cash	<u>406,661</u>
Cash, end of year	\$ 558,573

The Operation Andrew Group, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2020

Note 1. Summary of Significant Accounting Policies

Nature of Operations

The Operation Andrew Group, Inc. (the Organization), is a not for profit corporation described in Section 501(c)(3) of the Internal Revenue Code. As such, it is exempt from federal and state income tax, and contributions by the public are deductible for income tax purposes.

The mission of the Organization is to build a better community by uniting efforts with various multidenominational and multicultural churches. It accomplishes its mission through program activities that include hosting an annual banquet, clergy seminars, and other activities to honor local clergy in Tennessee.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of the financial statements in accordance 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Items capitalized as property and equipment are stated at cost or, if donated, at estimated fair market value on the date of donation. The Organization generally capitalizes and reports property and equipment acquisitions in excess of \$5,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the useful lives of assets are capitalized at cost. Depreciation is computed using the straight line method over the estimated useful lives of the assets as follows:

Leasehold Improvements	Lease term
Equipment	5 years
Furniture and fixtures	7 years

SBA PPP Loan

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as *debt* and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a *conditional contribution* where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loan as debt.

The Operation Andrew Group, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2020

Note 1. Summary of Significant Accounting Policies

Classes of Net Assets

The financial statements report amounts separately by class of net assets:

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 board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. 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 may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

The Organization reports contributions of cash and other assets as net assets without donor restrictions or net assets with donor restrictions, depending on the existence of any donor-imposed restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. If a restriction is fulfilled in the same period in which the contribution was received, the Organization reports the support as net assets without donor restrictions. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

The Organization reports any donations of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long lived assets are placed in service.

Income from special events, including ticket sales and sponsorships, is reported as contributions at the time of the event, net of amounts of direct benefit to donors. Any amounts received in advance of the events are accounted for as conditional contributions and reported as refundable advances until the event takes place.

Uncertain Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2020, the Organization has analyzed its tax positions and believes that all are more likely than not to be sustained upon examination.

Concentrations

The Organization maintains cash on deposit with financial institutions which may, at times, exceed the federally insured limit. At December 31, 2020, the Organization had cash on deposit in excess of the federally insured limit in the amount of \$290,000. Management believes that the Organization is not exposed to significant risk related to these balances.

The Operation Andrew Group, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2020

Note 1. Summary of Significant Accounting Policies

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated including the method of allocation are as follows:

Information technology	Time and effort
Insurance	Time and effort
Occupancy	Time and effort

Note 2. Availability and Liquidity

The following represents the Organization's financial assets:

Cash	\$ 558,573
Grants receivable	32,912
Less amounts unavailable for general expenditures within one year due to restrictions by donors with time or purpose restrictions	<u>(62,055)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 529,430

As part of the Organization's liquidity plan, in addition to year-round donations from churches and donors, the Organization makes appeals to donors at strategic times of the year and in conjunction with special events. Cash flow is managed through daily monitoring and monthly cash flow meetings reviewing projections of cash inflows and outflows. Trends and actual results versus budget are reviewed on a monthly basis.

Note 3. Property and Equipment

Property and equipment consist of the following:

Leasehold improvements	\$ 1,318
Equipment	8,422
Furniture and fixtures	8,515
Less: accumulated depreciation	<u>(15,146)</u>
Property and equipment, net	\$ 3,109

Note 4. SBA PPP Loan

On April 27, 2020, the Organization received a loan in the amount of \$45,400 in accordance with the PPP section of the CARES Act. The loan was forgiven on April 28, 2021.

The Operation Andrew Group, Inc.
Notes to Financial Statements
For the Year Ending December 31, 2020

Note 5. Net Assets With Donor Restrictions

Net assets with donor restrictions are comprised of the following as of December 31, 2020:

	Total	Restriction	
		Purpose	Time¹
Everyone's Wilson	\$ 122,055	\$ -	\$ 122,055
United 4 Hope	33,800	33,800	-
LINC	<u>39,819</u>	<u>39,819</u>	<u>-</u>
	\$ 195,674	\$ 73,619	\$ 122,055

¹ Time restrictions expire for \$60,000 in 2021 and \$62,055 in 2022.

Note 6. Operating Leases

The Organization leases its main office under a lease agreement including \$1,000 per month rent through August 2021. The Organization also leases a copier for \$300 per month.

Note 7. Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure through August 4, 2021.