

**OPERATION FINALLY HOME**

**FINANCIAL STATEMENTS**

**December 31, 2016 and 2015**

**OPERATION FINALLY HOME**  
**FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Operation FINALLY HOME  
New Braunfels, Texas

### **Report on Financial Statements**

We have audited the accompanying statements of financial position of Operation FINALLY HOME (a non-profit organization) as of December 31, 2016 and 2015, and the related statements of activities (with comparative totals for 2015) 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 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 Operation FINALLY HOME as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

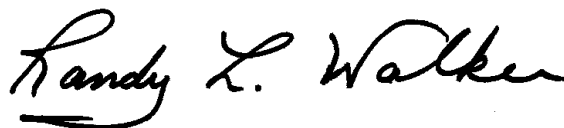
## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis 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 other 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2017 on pages 13-14 on our consideration of Operation FINALLY HOME'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 Operation FINALLY HOME's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Randy L. Walker". The signature is written in a cursive, flowing style.

San Antonio, Texas  
May 10, 2017

## **Financial Statements**

**OPERATION FINALLY HOME**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 1,092,382	\$ 837,793
Investments	1,638,600	2,984,206
Accounts Receivable	212,911	83,395
Construction and Acquisition Costs for Veterans' Homes (Note 5)	1,173,071	1,067,859
Other Assets	10,787	5,234
Property and Equipment (net)	199,809	234,461
<b>TOTAL ASSETS</b>	<b>\$ 4,327,560</b>	<b>\$ 5,212,948</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Contractual Commitment to Transfer Homes to Veterans (Note 5)	\$ 1,173,071	\$ 1,067,859
Accounts Payable	133,865	32,495
Accrued Expenses	34,130	30,330
Note Payable	20,882	26,922
<b>TOTAL LIABILITIES</b>	<b>1,361,948</b>	<b>1,157,606</b>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated (Restated)	434,586	1,130,888
Designated	1,015,492	658,236
	<b>1,450,078</b>	<b>1,789,124</b>
Temporarily Restricted (Restated)	1,515,534	2,266,218
<b>TOTAL NET ASSETS</b>	<b>2,965,612</b>	<b>4,055,342</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,327,560</b>	<b>\$ 5,212,948</b>

The accompanying notes are an integral part of these financial statements.

**OPERATION FINALLY HOME**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2016**  
**(with comparative totals for 2015)**

	<b>2016</b>			<b>2015</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Total</b>
<b><u>SUPPORT AND REVENUE</u></b>				
Contributions	\$ 2,200,320	\$ 1,248,268	\$ <b>3,448,588</b>	\$ 4,210,195
Contributed Materials and Services	1,240,355	-	<b>1,240,355</b>	1,960,758
Fundraising	366,434	4,767	<b>371,201</b>	718,275
Grants	2,500	344,492	<b>346,992</b>	715,388
Gain (Loss) on Investments	64,104	-	<b>64,104</b>	(9,299)
Interest Income	28,187	-	<b>28,187</b>	18,265
Other Income	25,597	-	<b>25,597</b>	24,377
Net Assets Released from Restrictions	2,348,211	(2,348,211)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>6,275,708</b>	<b>(750,684)</b>	<b>5,525,024</b>	<b>7,637,959</b>
<b><u>EXPENSES</u></b>				
Program Expense	4,805,368	-	<b>4,805,368</b>	5,035,536
General and Administrative	629,994	-	<b>629,994</b>	548,565
Fundraising	1,179,392	-	<b>1,179,392</b>	1,235,912
<b>TOTAL EXPENSES</b>	<b>6,614,754</b>	<b>-</b>	<b>6,614,754</b>	<b>6,820,013</b>
<b>CHANGE IN NET ASSETS</b>	<b>(339,046)</b>	<b>(750,684)</b>	<b>(1,089,730)</b>	<b>817,946</b>
<b>NET ASSETS, Beginning of Year (Restated)</b>	<b>1,789,124</b>	<b>2,266,218</b>	<b>4,055,342</b>	<b>3,237,396</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 1,450,078</b>	<b>\$ 1,515,534</b>	<b>\$ 2,965,612</b>	<b>\$ 4,055,342</b>

The accompanying notes are an integral part of these financial statements.

**OPERATION FINALLY HOME**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
(Decrease) Increase in Net Assets from Operations	\$ (1,089,730)	\$ 817,946
Adjustments to Reconcile Net Change to Net Cash		
Provided by Operations:		
Depreciation Expense	45,467	50,971
Realized and Unrealized (Gain) Loss on Investments	(64,104)	9,299
Gain on Disposal of Assets	-	(1,784)
Donated Property and Equipment	-	(13,186)
(Increase) Decrease in Assets:		
Accounts Receivable	(129,516)	310,048
Construction and Acquisition Costs for Veterans' Homes	(105,212)	(452,878)
Other Assets	(5,553)	4,140
Increase (Decrease) in Liabilities:		
Contractual Commitment to Transfer Homes to Veterans	105,212	452,878
Accounts Payable	101,370	(35,883)
Accrued Expenses	3,800	9,832
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<u>(1,138,266)</u>	<u>1,151,383</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Proceeds from Sale of Investments	1,616,978	-
Purchases of Investments	(207,268)	(790,670)
Proceeds from Sale of Land	-	15,000
Purchases of Property and Equipment	(10,815)	(34,006)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>1,398,895</u>	<u>(809,676)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from Borrowings on Note Payable	-	29,788
Principal Payments on Note Payable	(6,040)	(2,866)
<b>NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES</b>	<u>(6,040)</u>	<u>26,922</u>
<b>NET INCREASE IN CASH FLOWS</b>	<b>254,589</b>	<b>368,629</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u><b>837,793</b></u>	<u><b>469,164</b></u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u><b>\$ 1,092,382</b></u>	<u><b>\$ 837,793</b></u>

**Supplemental Information**

Interest Paid	\$ 1,516	\$ 1,172
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The accompanying notes are an integral part of these financial statements.



**OPERATION FINALLY HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES**

*Basis of Accounting*

The accompanying statements of Operation FINALLY HOME (the Organization) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

*Organization and Nature of Activities*

Operation FINALLY HOME was founded in 2005 as a non-profit organization with the mission to provide Americans the ability to honor and thank America's wounded and disabled veterans and the widows of the fallen. The Organization brings together corporate sponsors, builder associations, builders, developers, individual contributors, and volunteers to help these Heroes and their families by providing custom-built, mortgage-free homes.

The past few years have allowed for Operation FINALLY HOME to increase its ability to provide more homes to more veterans. During this period, the Organization has held four pillar events for each build that include an announcement event, ground-breaking ceremony, town hall meeting, and dedication of the home. The Board of Directors recognizes that to successfully promote the Organization through these events, high travel costs are incurred each year. In addition, in-kind donors are also showcased at these events as a form of appreciation to those donors who have a major impact on Operation FINALLY HOME's ability to fulfill its mission.

*Basis of Presentation*

The Organization is required to report information regarding its financial position and activities according to the following classes of net assets:

- Unrestricted – Resources that are expendable at the discretion of the Organization for conducting the operations.
- Temporarily Restricted – Resources that are limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and otherwise removed by actions of the Organization pursuant to those stipulations.
- Permanently Restricted – Net assets subject to donor-imposed stipulations of which the principal must be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes. The Organization had no permanently restricted net assets at December 31, 2016 and 2015.

*Use of Estimates*

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

*Cash and Cash Equivalents*

For purposes of the statements of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with an original maturity of three months or less.

**OPERATION FINALLY HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)**

*Property and Equipment*

Property and equipment are recorded at cost at the time of purchase, and donations of property and equipment are recorded at fair market value upon receipt. The Organization follows the practice of capitalizing all purchases of land, vehicles, furniture, and equipment in excess of \$250 that have a useful life of more than one year. Property and equipment are depreciated over estimated useful lives of 3 to 7 years using the straight-line method.

*Investments*

Investments are carried at market, and realized and unrealized gains and losses are reflected in the statement of activities. Investments acquired by gift are valued at amounts representing estimated fair market value at the date of the gift.

*Accounts Receivable*

Accounts receivable are considered fully collectible. Therefore, no allowance for doubtful accounts has been recorded.

*Income Tax Status*

Operation FINALLY HOME is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, as such, qualifies for the maximum charitable contributions deduction by donors. As of December 31, 2016, the tax years subject to examination by taxing authorities begin with 2014.

*Revenue Recognition*

Revenue is reported as an increase in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or law. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

*Functional Allocation of Expenses*

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

*Advertising Costs*

The Organization uses advertising to promote its programs among the audiences it serves. These costs of advertising are expensed as incurred. Advertising expense was \$84,427 and \$104,817 for the years ended December 31, 2016 and 2015, respectively.

*Subsequent Events*

The Organization has evaluated subsequent events through May 10, 2017, which is the date the financial statements were available to be issued.

**OPERATION FINALLY HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

The Organization maintains cash and investment balances at multiple financial institutions and investment organizations. The Federal Deposit Insurance Corporation insures cash balances up to \$250,000 per bank. The Securities Investor Protection Corporation insures the balances in investment accounts up to \$500,000. The uninsured balances in the Organization's cash accounts totaled \$568,789 and \$534,206 at December 31, 2016 and 2015, respectively, without consideration of reconciling items. The uninsured balances in the Organization's investments accounts totaled \$638,600 and \$1,984,206 at December 31, 2016 and 2015, respectively.

**NOTE 3 - INVESTMENTS**

Investments consisted of the following at December 31:

	<b>2016</b>		<b>2015</b>	
	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>
Short Term Investments:				
Cash and Cash Equivalents	\$ 146,075	\$ 146,075	\$ 772,012	\$ 772,012
Corporate Bond Fixed Income	104,050	103,909	3,560	3,909
Long Term Investments:				
Exchange Traded Funds-LP	91,827	87,152	21,171	10,975
Mutual Funds	648,260	625,305	2,057,179	2,065,348
Stocks-Long Position	648,388	629,161	130,284	96,301
Total Investments	<b>\$ 1,638,600</b>	<b>\$ 1,591,602</b>	<b>\$ 2,984,206</b>	<b>\$ 2,948,545</b>

Investment income for the years ended December 31, was comprised of:

	<b>2016</b>	<b>2015</b>
Dividends and Interest	\$ 28,187	\$ 18,265
Net Realized and Unrealized Gains (Losses) on Investments Reported at Fair Value	64,104	(9,299)
Total Investment Income	<b>\$ 92,291</b>	<b>\$ 8,966</b>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment, less accumulated depreciation, were as follows at December 31:

	<b>2016</b>	<b>2015</b>
Land	\$ 120,200	\$ 120,200
Furniture and Equipment	69,955	69,955
Automobiles	193,900	183,085
Software	16,039	16,039
	<b>400,094</b>	<b>389,279</b>
Less: Accumulated Depreciation	<b>(200,285)</b>	<b>(154,818)</b>
Net Property and Equipment	<b>\$ 199,809</b>	<b>\$ 234,461</b>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$45,467 and \$50,971, respectively.

**OPERATION FINALLY HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**NOTE 5 - CONSTRUCTION AND ACQUISITION COSTS FOR VETERANS' HOMES AND COMMITMENT TO TRANSFER HOMES TO VETERANS**

Construction and acquisition costs for veterans' homes represent construction costs of homes that will be transferred to veterans.

When constructing a new home, title and ownership of the property is retained by the Organization until such time the Organization transfers ownership to the veteran. Prior to transfer of ownership, costs incurred and donations of materials and services received by the Organization for these activities are recorded as an asset of the Organization in the statements of financial position.

To the extent that all significant conditions are met, a liability representing the commitment to transfer the home to a veteran is established. Upon transfer of ownership, the full cost of the property and the corresponding liability are both reduced to zero. As of December 31, 2016 and 2015, both the Construction and Acquisition Costs for Veterans' Homes and the Commitment to Transfer Homes to Veterans were \$1,173,071 and \$1,067,859, respectively.

**NOTE 6 - NOTE PAYABLE**

In May 2015, the Organization entered into a note agreement with Ford Credit to finance the purchase of a new vehicle. The note is currently payable in monthly payments of \$581 with interest at 6.39% and maturing in June 2020. The outstanding balance of the note payable at December 31, 2016 and 2015 was \$20,882 and \$26,922, respectively.

The future maturities of this note payable are as follows:

Years Ended December 31,		
2017	\$	5,747
2018		6,125
2019		6,529
2020		2,481
Total \$		<u>20,882</u>

Interest expense for the years ended December 31, 2016 and 2015 was \$1,516 and \$1,172, respectively.

**NOTE 7 - LINE OF CREDIT**

On January 16, 2014, the Organization entered into an unsecured revolving line of credit agreement for up to \$150,000. The line of credit has an interest rate of prime plus 3.7% per annum and matured on January 17, 2015. The Organization has renewed the line of credit annually under the existing terms. As of December 31, 2016 and 2015, the outstanding balance was \$-0-.

**NOTE 8 - RECLASSIFICATION**

Certain reclassifications have been made to the 2015 financial statement presentation to conform to the 2016 presentation.

**OPERATION FINALLY HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**NOTE 9 - PRIOR PERIOD RESTATEMENT**

During the year ended December 31, 2016, an evaluation of temporarily restricted net assets revealed \$414,112 in donor-restricted funds that should have been classified as temporarily restricted net assets at December 31, 2015. Correction of this misstatement resulted in an increase in temporarily restricted net assets and a corresponding decrease in unrestricted net assets of \$414,112 at December 31, 2015. During the year ended December 31, 2016, the donor restrictions associated with these funds were determined by management to not be feasible under the current operations of the Organization. As a result, these funds were remitted back to the donor and are reflected as reimbursement to donor expense in the schedule of functional expenses for the year ended December 31, 2016.

**NOTE 10 - BOARD DESIGNATED NET ASSETS**

Unrestricted net assets were designated by the Board of Directors for the following purposes at December 31:

	<u>2016</u>	<u>2015</u>
Future Projects	\$ <b>587,722</b>	\$ 404,138
Future Fundraisers	<b>139,242</b>	130,242
Future Operations	<u><b>288,528</b></u>	<u>123,856</u>
Total Board Designated	\$ <u><b>1,015,492</b></u>	\$ <u>658,236</u>

**NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes at December 31:

	<u>2016</u>	<u>2015</u>
Assigned Veteran Projects	\$ <b>1,003,057</b>	\$ 936,229
Location-Specific Projects	<b>320,488</b>	485,690
Future Operations	<b>191,989</b>	745,223
San Angelo Projects	<u>-</u>	<u>99,076</u>
Total Temporarily Restricted	\$ <u><b>1,515,534</b></u>	\$ <u>2,266,218</u>

**NOTE 12 - CONTRIBUTED MATERIALS AND SERVICES**

The Organization receives a significant amount of donated services and materials from corporate sponsors, builder associations, builders, developers and individual contributors in carrying out its mission. The following have been reflected as both expenses and contribution revenue in the accompanying financial statements as of December 31:

	<u>2016</u>	<u>2015</u>
Building Materials and Construction Services	\$ <b>1,225,402</b>	\$ 1,861,558
Fundraising Event Costs	<b>14,350</b>	36,839
Advertising, Printing, and Misc.	<u><b>603</b></u>	<u>62,361</u>
Total Contributed Materials and Services	\$ <u><b>1,240,355</b></u>	\$ <u>1,960,758</u>

**OPERATION FINALLY HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016 and 2015**

**NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Organization adopted the provisions of ASC 820, *Fair Value Measurements and Disclosures* (formerly SFAS 157). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The adoption of ASC 820 did not affect the Organization's financial position or results of operations.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.
- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

The Organization does not have Level 2 or Level 3 assets or liabilities.

The Organization's financial instruments (Level 1) were as follows at December 31:

	<b>2016</b>		<b>2015</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Financial Assets:				
Cash and Cash Equivalents	\$ 1,092,382	\$ 1,092,382	\$ 837,793	\$ 837,793
Accounts Receivable	\$ 212,911	\$ 212,911	\$ 83,395	\$ 83,395
Construction and Acquisition				
Costs for Veterans' Homes	\$ 1,173,071	\$ 1,173,071	\$ 1,067,859	\$ 1,067,859
Other Assets	\$ 10,787	\$ 10,787	\$ 5,234	\$ 5,234
Financial Liabilities:				
Contractual Commitment to				
Transfer Homes to Veterans	\$ 1,173,071	\$ 1,173,071	\$ 1,067,859	\$ 1,067,859
Accounts Payable	\$ 133,865	\$ 133,865	\$ 32,495	\$ 32,495
Accrued Expenses	\$ 34,130	\$ 34,130	\$ 30,330	\$ 30,330

The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

The Organization's financial instruments also include investments. The fair values of investments are based on quoted market prices for those or similar investments and are disclosed in Note 3.

## **Supplementary Information**

**OPERATION FINALLY HOME**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2016**  
**(with comparative totals for 2015)**

	<b>2016</b>				2015
	<b>Program Expense</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>	<b>Total</b>
Salaries and Benefits	\$ 489,037	\$ 352,106	\$ 136,930	\$ <b>978,073</b>	\$ 766,945
Payroll Taxes	33,413	24,057	9,356	<b>66,826</b>	57,793
<b>TOTAL PAYROLL EXPENSES</b>	<b>522,450</b>	<b>376,163</b>	<b>146,286</b>	<b>1,044,899</b>	<b>824,738</b>
Building Costs	3,280,737	-	-	<b>3,280,737</b>	3,913,552
Direct Mailing	-	-	947,359	<b>947,359</b>	874,201
Reimbursement to Donor (Note 9)	414,112	-	-	<b>414,112</b>	-
Travel	120,561	48,489	14,700	<b>183,750</b>	250,181
Professional	160,624	20,297	-	<b>180,921</b>	140,720
Meals	37,549	55,829	5,435	<b>98,813</b>	90,154
Advertising and Promotion	67,541	8,443	8,443	<b>84,427</b>	104,817
Fundraising	33,735	803	45,782	<b>80,320</b>	349,142
Depreciation	39,556	3,637	2,274	<b>45,467</b>	50,971
Dues and Subscriptions	13,238	24,019	567	<b>37,824</b>	16,831
Rent	12,606	23,411	-	<b>36,017</b>	15,761
Auto	27,340	4,658	990	<b>32,988</b>	38,163
Repairs and Maintenance - Homes	25,922	63	-	<b>25,985</b>	39,779
Bank Fees	5,924	8,471	7,416	<b>21,811</b>	7,434
Postage	11,254	7,342	-	<b>18,596</b>	21,282
Insurance	3,799	11,397	-	<b>15,196</b>	16,190
Printing and Production	14,882	-	-	<b>14,882</b>	12,564
Supplies	1,396	12,433	140	<b>13,969</b>	15,846
Telephone	138	12,988	-	<b>13,126</b>	11,430
Website	11,885	-	-	<b>11,885</b>	3,925
Builder Show	-	5,888	-	<b>5,888</b>	9,112
Other Expenses	-	4,024	-	<b>4,024</b>	3,176
Interest Expense	-	1,516	-	<b>1,516</b>	1,172
Uniforms	119	123	-	<b>242</b>	6,160
Storage	-	-	-	<b>-</b>	2,658
Awards	-	-	-	<b>-</b>	54
<b>TOTAL EXPENSES</b>	<b>\$ 4,805,368</b>	<b>\$ 629,994</b>	<b>\$ 1,179,392</b>	<b>\$ 6,614,754</b>	<b>\$ 6,820,013</b>

See accountant's report.



## **Other Reporting Required**

**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**

To the Board of Directors  
Operation FINALLY HOME  
New Braunfels, Texas

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 FINALLY HOME (the Organization), a non-profit organization, which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 10, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a 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.

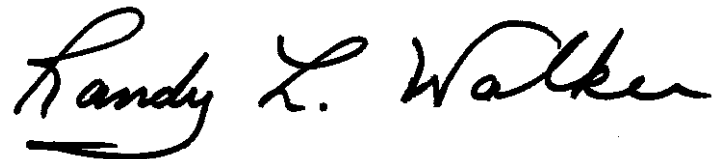
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the Organization's financial statements are free from 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Randy L. Walker". The signature is written in a cursive style with a large, stylized 'R' and 'W'.

San Antonio, Texas  
May 10, 2017