

# **The Operation Andrew Group, Inc.**

Financial Statements  
For the Years Ending December 31, 2021 and 2020

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For the Years Ended December 31, 2021 and 2020

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## Independent Auditor's Report

Board of Directors  
The Operation Andrew Group, Inc.

### Opinion

We have audited the financial statements of The Operation Andrew Group, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.<sup>22</sup>

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC  
Nashville, Tennessee  
August 18, 2022

**The Operation Andrew Group, Inc.**

## Statements of Financial Position

December 31, 2021 and 2020

	2021	2020
<b>Assets</b>		
Cash	\$ 587,010	\$ 558,573
Grants and contributions receivable	29,408	32,912
Agency funds	80,495	18,600
Property and equipment, net	<u>2,309</u>	<u>3,109</u>
Total assets	<b>\$ 699,222</b>	<b>\$ 613,194</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 15,040	\$ 3,285
SBA PPP loan	-	45,400
Agency funds	<u>80,495</u>	<u>18,600</u>
Total liabilities	95,535	67,285
Net assets		
Without donor restrictions	563,687	350,235
With donor restrictions	<u>40,000</u>	<u>195,674</u>
Total net assets	<u>603,687</u>	<u>545,909</u>
Total liabilities and net assets	<b>\$ 699,222</b>	<b>\$ 613,194</b>

**The Operation Andrew Group, Inc.**  
Statement of Activities  
For the Year Ended December 31, 2021

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Support and Revenues</b>			
Support			
Contributions	\$ 199,041	\$ -	\$ 199,041
Grants	60,185	40,000	100,185
Special events			
Golf, net of \$5,800 direct benefit	68,771	-	68,771
Leadership dinner, net of \$13,243 direct benefit	403,840	-	403,840
Other income	8,655	-	8,655
Net assets released from restrictions	<u>195,674</u>	<u>(195,674)</u>	<u>-</u>
Total support and revenues	936,166	(155,674)	780,492
<b>Expenses</b>			
Program services	550,861	-	550,861
Management and general	78,530	-	78,530
Fundraising	<u>93,323</u>	<u>-</u>	<u>93,323</u>
Total expenses	722,714	-	722,714
Change in net assets	213,452	(155,674)	57,778
Net assets, beginning of year	<u>350,235</u>	<u>195,674</u>	<u>545,909</u>
Net assets, end of year	<b>\$ 563,687</b>	<b>\$ 40,000</b>	<b>\$ 603,687</b>

**The Operation Andrew Group, Inc.**  
Statement of Activities  
For the Year Ended December 31, 2020

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Support and Revenues</b>			
Support			
Contributions	\$ 274,234	\$ 150,979	\$ 425,213
Grants	168,230	-	168,230
Special events			
Golf, net of \$4,590 direct benefit	62,765	-	62,765
Leadership dinner	231,596	-	231,596
Other income	67	-	67
Total support and revenues	<u>736,892</u>	<u>150,979</u>	<u>887,871</u>
<b>Expenses</b>			
Program services	310,050	-	310,050
Management and general	95,124	-	95,124
Fundraising	87,956	-	87,956
Total expenses	<u>493,130</u>	<u>-</u>	<u>493,130</u>
Change 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	<b>\$ 350,235</b>	<b>\$ 195,674</b>	<b>\$ 545,909</b>

**The Operation Andrew Group, Inc.**  
Statement of Functional Expenses  
For the Year Ended December 31, 2021

	<b>Program services</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 342,586	\$ 33,927	\$ 39,048	\$ 415,561
Employee benefits	29,011	3,754	2,941	35,706
Payroll taxes	<u>30,637</u>	<u>3,101</u>	<u>3,449</u>	<u>37,187</u>
Total personnel	402,234	40,782	45,438	488,454
Advertising and promotion	-	413	4,483	4,896
Conferences and meetings	954	1,125	167	2,246
Depreciation	-	800	-	800
Information technology	3,100	3,763	929	7,792
Insurance	2,095	815	-	2,910
Occupancy	7,892	8,720	-	16,612
Office supplies	2,941	3,426	2,603	8,970
Other	-	3,908	373	4,281
Outsourced PEO	15,307	2,778	-	18,085
Professional fees	38,518	6,500	4,220	49,238
Purchased services	77,820	5,500	-	83,320
Special events	<u>-</u>	<u>-</u>	<u>35,110</u>	<u>35,110</u>
	<b>\$ 550,861</b>	<b>\$ 78,530</b>	<b>\$ 93,323</b>	<b>\$ 722,714</b>



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

	<b>Program services</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 191,633	\$ 53,124	\$ 27,000	\$ 271,757
Employee benefits	13,017	3,841	1,850	18,708
Payroll taxes	<u>15,618</u>	<u>4,344</u>	<u>2,200</u>	<u>22,162</u>
Total personnel	220,268	61,309	31,050	312,627
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	18,711	6,371	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	<u>-</u>	<u>-</u>	<u>35,906</u>	<u>35,906</u>
	<b>\$ 310,050</b>	<b>\$ 95,124</b>	<b>\$ 87,956</b>	<b>\$ 493,130</b>

**The Operation Andrew Group, Inc.**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2021 and December 31, 2020

	<b>2021</b>	<b>2020</b>
Cash, beginning of year	\$ 558,573	\$ 151,912
<b>Cash flows from operating activities</b>		
Change in net assets	57,778	394,741
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
PPP loan forgiveness	(45,400)	-
Depreciation	800	800
Change in:		
Grants and contributions receivable	3,504	(32,912)
Accounts payable and accrued expenses	<u>11,755</u>	<u>(1,368)</u>
Net cash provided (used) by operating activities	28,437	361,261
<b>Cash flows from financing activities</b>		
Proceeds from SBA PPP loan	-	45,400
Net change in cash	<u>28,437</u>	<u>406,661</u>
Cash, end of year	<b>\$ 587,010</b>	<b>\$ 558,573</b>

**The Operation Andrew Group, Inc.**  
Notes to Financial Statements  
For the Years Ending December 31, 2021 and 2020

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**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 (US GAAP).

**Use of Estimates**

The preparation of the financial statements in accordance with US GAAP 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.

**Agency Funds**

The Organization holds certain funds for Everyone's Wilson in an agency capacity for another organization.

**The Operation Andrew Group, Inc.**  
Notes to Financial Statements  
For the Years Ending December 31, 2021 and 2020

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**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, 2021, 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, 2021 and 2020, the Organization had cash on deposit in excess of the federally insured limit in the amount of approximately \$406,000 and \$290,000, respectively. 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 Years Ending December 31, 2021 and 2020

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**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:

	<b>2021</b>	<b>2020</b>
Cash	\$ 587,010	\$ 558,573
Grants receivable	29,408	32,912
Less amounts unavailable for general expenditures within one year due to restrictions by donors with time or purpose restrictions	<u>-</u>	<u>(62,055)</u>
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 616,418</b>	<b>\$ 529,430</b>

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:

	<b>2021</b>	<b>2020</b>
Leasehold improvements	\$ 1,318	\$ 1,318
Equipment	8,422	8,422
Furniture and fixtures	8,515	8,515
Less: accumulated depreciation	<u>(15,946)</u>	<u>(15,146)</u>
Property and equipment, net	<b>\$ 2,309</b>	<b>\$ 3,109</b>

**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 Years Ending December 31, 2021 and 2020

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**Note 5. Net Assets With Donor Restrictions**

Net assets with donor restrictions are comprised of the following as of December 31, 2021:

	<b>Total</b>	<b>Restriction Purpose</b>	<b>Restriction Time</b>
United 4 Hope	\$ 40,000	\$ 20,000	\$ 20,000

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

	<b>Total</b>	<b>Restriction Purpose</b>	<b>Restriction Time<sup>1</sup></b>
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>
	<b>\$ 195,674</b>	<b>\$ 73,619</b>	<b>\$ 122,055</b>

<sup>1</sup> Time restrictions expire for \$60,000 in 2021 and \$62,055 in 2022, the latter of which was returned in 2021.

**Note 6. Operating Leases**

The Organization leased its main office under a lease agreement including \$1,030 rent per month through February 2022. The Organization also leases a copier for \$300 per month.

The Organization moved to a new main office on March 1, 2022. The new lease agreement is a sublease including \$3,800 rent per month through February 28, 2023. The sublease is subject to termination prior to February 28, 2023 if the prime lease is terminated in accordance with that lease agreement. The prime lease has a term ending December 31, 2030.

**Note 7. Defined Contribution Plan**

The Organization offers a 401(k) Retirement Plan (the Plan), which covers substantially all eligible employees, as defined by the Plan. The Plan allows voluntary employee contributions, subject to Internal Revenue Service limits. The Organization does not provide a match to employee contributions.

**Note 8. Subsequent Events**

The Organization's management has evaluated subsequent events through August 18, 2022, the date on which the financial statements were available to be issued.