

**OPERATION FINALLY HOME  
AUDITED FINANCIAL STATEMENTS**

**December 31, 2014 and 2013**

**OPERATION FINALLY HOME**  
**FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying statements of financial position of Operation FINALLY HOME (a non-profit organization) as of December 31, 2014 and 2013, and the related statements of activities (with a comparative totals for 2013) 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, 2014 and 2013, 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.

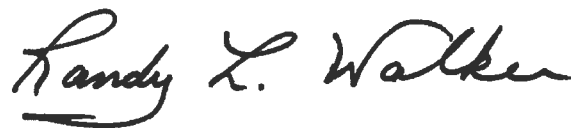
## **Other Matters**

### *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 21, 2015 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 with a large initial 'R' and a long horizontal stroke at the end.

San Antonio, Texas  
May 21, 2015

**OPERATION FINALLY HOME**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 469,164	\$ 568,941
Investments	2,202,835	49,247
Undeposited Funds	-	21,000
Accounts Receivable	393,443	37,876
Construction and Acquisition Costs for Veterans' Homes (Note 9)	614,981	551,599
House Inventory Pending Commitment	-	166,257
Other Assets	9,374	1,800
Property and Equipment (net)	251,456	194,755
<b>TOTAL ASSETS</b>	<b>\$ 3,941,253</b>	<b>\$ 1,591,475</b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Contractual Commitment to Transfer Homes to Veterans (Note 9)	\$ 614,981	\$ 551,599
Accounts Payable	68,378	123,141
Accrued Expenses	20,498	18,161
<b>TOTAL LIABILITIES</b>	<b>703,857</b>	<b>692,901</b>

**NET ASSETS**

Unrestricted:		
Undesignated	57,345	898,574
Designated	1,889,648	-
	1,946,993	898,574
Temporarily Restricted	1,290,403	-
<b>TOTAL NET ASSETS</b>	<b>3,237,396</b>	<b>898,574</b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,941,253</b>	<b>\$ 1,591,475</b>
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The accompanying notes are an integral part of these financial statements.

**OPERATION FINALLY HOME**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2014**  
**(with comparative totals for 2013)**

	<b>2014</b>			<b>2013</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Total</b>
<b><u>SUPPORT AND REVENUE</u></b>				
Contributions	\$ 3,147,776	\$ 1,763,485	\$ 4,911,261	\$ 2,242,670
Contributed Materials and Services	2,402,227	-	2,402,227	949,322
Fundraising	919,815	-	919,815	671,415
Grants	359,146	150,000	509,146	246,963
Interest Income	9,056	-	9,056	9,948
Other Income	4,864	-	4,864	3,960
Gain on Investments	3,744	-	3,744	25,298
Net Assets Released from Restrictions	623,082	(623,082)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>7,469,710</b>	<b>1,290,403</b>	<b>8,760,113</b>	<b>4,149,576</b>
<b><u>EXPENSES</u></b>				
Program Expense	4,629,087	-	4,629,087	2,871,767
General and Administrative	682,664	-	682,664	521,652
Fundraising	1,109,540	-	1,109,540	517,656
<b>TOTAL EXPENSES</b>	<b>6,421,291</b>	<b>-</b>	<b>6,421,291</b>	<b>3,911,075</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,048,419</b>	<b>1,290,403</b>	<b>2,338,822</b>	<b>238,501</b>
<b>NET ASSETS, Beginning of Year</b>	<b>898,574</b>	<b>-</b>	<b>898,574</b>	<b>660,073</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,946,993</b>	<b>\$ 1,290,403</b>	<b>\$ 3,237,396</b>	<b>\$ 898,574</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, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Increase in Net Assets From Operations	\$ 2,338,822	\$ 238,501
Adjustments to Reconcile Net Increase to Net Cash		
Provided by Operations:		
Depreciation Expense	40,056	33,553
Realized and Unrealized Gains on Investments	(3,744)	(32,184)
Loss on Disposal of Assets	1,697	-
Donated Property and Equipment	(45,000)	(22,240)
Donated Property and Equipment Transferred to Veterans	-	60,000
Decrease (Increase) in Assets:		
Undeposited Funds	21,000	(21,000)
Accounts Receivable	(355,567)	(37,876)
Construction and Acquisition Costs for Veterans' Homes	(63,382)	(551,599)
House Inventory Pending Commitment	166,257	(166,257)
Other Assets	(7,574)	(1,800)
Increase (Decrease) in Liabilities:		
Contractual Commitment to Transfer Homes to Veterans	63,382	551,599
Accounts Payable	(54,763)	113,432
Accrued Expenses	2,337	11,704
<b>Net Cash Provided by Operating Activities</b>	<b><u>2,103,521</u></b>	<b><u>175,833</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Proceeds from Sale of Investments	125,000	850,000
Purchases of Investments	(2,274,844)	(463,472)
Proceeds from Sale of Land	-	10,000
Purchases of Property and Equipment	(53,454)	(15,123)
<b>Net Cash (Used) Provided By Financing Activities</b>	<b><u>(2,203,298)</u></b>	<b><u>381,405</u></b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Principal Payments on Notes Payable	-	(45,495)
<b>Net Cash Used By Financing Activities</b>	<b><u>-</u></b>	<b><u>(45,495)</u></b>
<b>NET (DECREASE) INCREASE IN CASH FLOWS</b>	<b>(99,777)</b>	<b>511,743</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b><u>568,941</u></b>	<b><u>57,198</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 469,164</u></b>	<b><u>\$ 568,941</u></b>

**Supplemental Information**

Interest Paid	\$ 557	\$ 556
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The accompanying notes are an integral part of these financial statements.

**OPERATION FINALLY HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

**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.

*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, 2014 and 2013.

The Organization has board designated unrestricted net assets of \$1,889,648 and \$-0- for operational reserves at December 31, 2014 and 2013, respectively.

*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.

*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.



**OPERATION FINALLY HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

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

*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, 2014, the tax years subject to examination by taxing authorities begin with 2012.

*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 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.

*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 \$26,329 and \$10,517 for the years ended December 31, 2014 and 2013, respectively.

*Subsequent Events*

The Organization has evaluated subsequent events through May 21, 2015, which is the date the financial statements were available to be issued.

**NOTE 2 - 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, maturing on January 17, 2015. As of December 31, 2014, the outstanding balance was \$0-.

**OPERATION FINALLY HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

**NOTE 3 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include the following as of December 31:

	<b>2014</b>	<b>2013</b>
Cash in Bank	\$ 417,829	\$ 546,267
Mobile Cause	31,362	-
Direct Mailing Checking	16,154	14,025
PayPal and Crowdrise	3,819	8,649
Total Cash and Cash Equivalents	\$ 469,164	\$ 568,941

**NOTE 4 - INVESTMENTS**

Investments consist of the following at December 31:

	<b>2014</b>		<b>2013</b>	
	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>
Short Term Investments:				
Cash and Cash Equivalents	\$ 68,275	\$ 68,274	\$ 34,322	\$ 34,322
Corporate Bond Fixed Income	4,161	3,909	14,925	147,925
Long Term Investments:				
Exchange Traded Funds-LP	10,947	10,975	-	-
Diversified Large Capital	13,669	13,629	-	-
Mutual Funds	2,005,314	2,005,312	-	-
Stocks-Long Position	100,469	96,301	-	-
Total Investments	\$ 2,202,835	\$ 2,198,400	\$ 49,247	\$ 49,247

Investment income for the year ended December 31, is comprised of:

	<b>2014</b>	<b>2013</b>
Dividends and Interest	\$ 8,157	\$ 9,850
Net Realized and Unrealized Gains on Investments Reported at Fair Value	3,744	25,298
Total Investment Income	\$ 11,901	\$ 35,148

**NOTE 5 - 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:

	<b>2014</b>	<b>2013</b>
Building Materials and Construction Services	\$ 2,388,279	\$ 908,219
Website	-	19,710
Advertising, Printing, and Misc.	13,948	21,393
Total Contributed Materials and Services	\$ 2,402,227	\$ 949,322

**OPERATION FINALLY HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

**NOTE 6 - 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 \$180,907 and \$298,741 at December 31, 2014 and 2013, respectively, without consideration of reconciling items.

**NOTE 7 - HOUSE INVENTORY PENDING COMMITMENT**

House Inventory Pending Commitment consists of a purchased home, stated at cost, that will be transferred to a veteran upon completion of the selection process. As of December 31, 2014 and 2013, this inventory totaled \$-0- and \$166,257, respectively

**NOTE 8 - RELATED PARTIES**

Two members of the Board of Directors receive a salary for services provided to the Organization. Total payments to the board members for these services for the years ended December 31, 2014 and 2013 were \$204,953 and \$132,490, respectively.

**NOTE 9 - CONSTRUCTION AND ACQUISITION COSTS FOR VETERANS' HOMES AND COMMITMENTS 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, 2014 and 2013, both the Construction and Acquisition Costs for Veterans' Homes and the Commitment to Transfer Homes to Veterans were \$614,981 and \$551,599, respectively.

**NOTE 10 - PROPERTY AND EQUIPMENT**

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

	<u>2014</u>	<u>2013</u>
Land	\$ 133,200	\$ 88,200
Furniture and Equipment	66,238	61,076
Automobiles	139,826	101,278
Software	16,039	10,219
	<u>355,303</u>	<u>260,773</u>
Less: Accumulated Depreciation	<u>(103,847)</u>	<u>(66,018)</u>
Net Property and Equipment	\$ <u>251,456</u>	\$ <u>194,755</u>

Depreciation expense for the years ended December 31, 2014 and 2013 was \$40,056 and \$33,553, respectively.

**OPERATION FINALLY HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

**NOTE 11 - 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) are as follows at December 31:

	<b>2014</b>		<b>2013</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<b>Financial Assets:</b>				
Cash and Cash Equivalents	\$ 469,164	\$ 469,164	\$ 568,941	\$ 568,941
Undeposited Funds	\$ -	\$ -	\$ 21,000	\$ 21,000
Accounts Receivable	\$ 393,443	\$ 393,443	\$ 37,876	\$ 37,876
Construction and Acquisition Costs for Veteran's Homes	\$ 614,981	\$ 614,981	\$ 551,599	\$ 551,599
House Inventory Pending Commitment	\$ -	\$ -	\$ 166,257	\$ 166,257
Other Assets	\$ 9,374	\$ 9,374	\$ 1,800	\$ 1,800
<b>Financial Liabilities:</b>				
Contractual Commitment to Transfer Homes to Veterans	\$ 614,981	\$ 614,981	\$ 551,599	\$ 551,599
Accounts Payable	\$ 68,378	\$ 68,378	\$ 123,141	\$ 123,141
Accrued Expenses	\$ 20,498	\$ 20,498	\$ 18,161	\$ 18,161

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 disclosed in Note 4.

**OPERATION FINALLY HOME**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**

**NOTE 12 - RECLASSIFICATION**

Certain reclassifications have been made to the 2013 financial statement presentation to correspond to the 2014 presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

**NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are as follows at December 31, 2014:

Michael Crawford	\$	167,112
Joseph James		139,155
Jonathan Dowdell		135,671
The Blume Donation		124,000
Laura Sellinger		88,363
James Butz		80,949
Rockwall, TX Lot		79,668
Little Elm #2		79,377
David Hannah		75,000
Jacob De La Garza		66,189
April Anthony Donation		60,000
Jeremy Bush		56,489
George Campbell		52,737
Austin Smart Home		27,500
Ray Coffey		26,068
Patrick Rogers		19,881
Jackie Irving		4,326
Anthony Feaster		4,235
Ray Coffey - Rent		3,943
Odessa 2015 Home		2,500
Christopher Powell		1,000
St Charles, IL #1		1,000
St. Charles, IL #2		1,000
New Orleans Home		920
Marco Dominguez		500
Joshua Phippus - Fisher Home		200
Garrett Jones		(160)
Ronny Sweger		(220)
Mario Murray		(7,000)
		<hr/>
Total Temporarily Restricted Net Assets	\$	<u><u>1,290,403</u></u>

The Organization did not have any temporarily restricted net assets at December 31, 2013.

## **Supplemental Information**

**OPERATION FINALLY HOME**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Years Ended December 31, 2014 and 2013**

	2014				2013
	<u>Program Expense</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
<b><u>EXPENSES</u></b>					
Building Costs	\$ 3,949,251	\$ -	\$ -	\$ 3,949,251	\$ 2,389,940
Salaries and Benefits	319,312	319,313	-	638,625	466,436
Printing and Production	15,783	6,040	271,873	293,696	217,911
Fundraising	-	-	283,657	283,657	62,635
Postage	2,148	9,026	243,837	255,011	139,495
Direct Mailing	-	-	251,365	251,365	102,685
Travel	128,009	63,752	44,186	235,947	133,633
Professional	84,648	15,096	-	99,744	52,894
Rent	-	61,669	-	61,669	24,021
Meals	17,766	32,278	4,046	54,090	23,295
Depreciation	35,028	3,033	1,995	40,056	33,553
Website	5,000	32,118	-	37,118	23,249
Auto	14,024	19,397	2,087	35,508	38,583
Taxes	33,312	-	-	33,312	74,855
Advertising and Promotion	20,753	5,576	-	26,329	10,517
Builder Show	-	21,624	-	21,624	5,887
Awards	-	21,167	-	21,167	20,252
Supplies	528	16,346	39	16,913	14,585
Insurance	2,807	12,455	-	15,262	19,876
Bank Fees	-	8,366	6,455	14,821	13,070
Telephone	43	9,483	-	9,526	7,301
Utilities	-	8,941	-	8,941	15,391
Other Expenses	-	6,671	-	6,671	1,695
Uniforms	-	5,268	-	5,268	4,608
Dues and Subscriptions	-	2,953	-	2,953	3,340
Storage	-	1,535	-	1,535	3,924
Equipment Rental	675	-	-	675	4,217
Interest Expense	-	557	-	557	556
Conferences and Meetings	-	-	-	-	2,671
<b>TOTAL EXPENSES</b>	<b>\$ 4,629,087</b>	<b>\$ 682,664</b>	<b>\$ 1,109,540</b>	<b>\$ 6,421,291</b>	<b>\$ 3,911,075</b>

See accountant's report.

**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, 2014, 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 21, 2015.

**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.

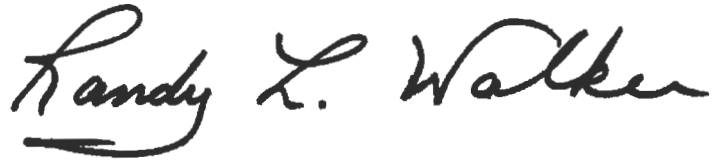


### **Compliance and Other Matters**

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 21, 2015