



THE OPERATION ANDREW GROUP, INC.
Audited Financial Statements
December 31, 2017 and 2016



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Operation Andrew Group, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

PRICE CPAs, PLLC

3825 Bedford Avenue
Suite 202
P.O. Box 150749
Nashville, Tennessee 37215

Phone 615.385.0686
Fax 615.463.0586
www.pricecpas.com

*A member of the
American Institute of Certified
Public Accountants*

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, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Price CPAs, PLLC
Nashville, TN
December 11, 2018

THE OPERATION ANDREW GROUP, INC.
Statements of Financial Position
December 31, 2017 and 2016

ASSETS		<u>2017</u>	<u>2016</u>
CURRENT ASSETS			
Cash		\$ 265,645	\$ 136,338
PROPERTY AND EQUIPMENT			
Equipment		8,422	8,422
Furniture and Fixtures		4,606	4,606
Leasehold Improvements		1,318	1,318
Accumulated Depreciation		(14,017)	(13,594)
Total Property and Equipment		<u>329</u>	<u>752</u>
TOTAL ASSETS		<u><u>\$ 265,974</u></u>	<u><u>\$ 137,090</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable		\$ 38,120	\$ -
Other Current Liabilities		<u>2,741</u>	<u>2,747</u>
		40,861	2,747
NET ASSETS			
Unrestricted		132,143	91,373
Temporarily Restricted		<u>92,970</u>	<u>42,970</u>
Total Net Assets		<u>225,113</u>	<u>134,343</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 265,974</u></u>	<u><u>\$ 137,090</u></u>

See Independent Auditor's Report and Notes to Financial Statements

THE OPERATION ANDREW GROUP, INC.
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2017 and 2016

CHANGES IN UNRESTRICTED NET ASSETS	2017	2016
REVENUE		
Contributions	\$ 363,920	\$ 227,778
Net assets released from restrictions	23,426	35,468
Total unrestricted revenues	387,346	263,246
EXPENSES		
Program Services		
Salaries	82,369	82,758
Rent	57,402	48,735
Telephone	2,379	1,598
Payroll tax	6,302	6,331
Contract labor	-	8,400
Employee benefits	853	2,024
Insurance	1,753	2,288
Supplies/Postage	5,437	6,677
Miscellaneous	43	-
Dues and subscriptions	840	1,238
Gifts and flowers	455	1,193
Meals and entertainment	2,771	2,014
Board meeting expense	865	457
Depreciation	317	579
NAP/GDP	1,279	2,217
Professional fees	15,514	12,605
Donation Collection Fees	2,002	1,038
Utilities	1,015	809
Newsletter & All Material	2,030	2,108
Website & Data	1,631	2,240
Oak Ministry	9,567	6,510
LINC Ministry	-	9,299
United 4 Hope	18,955	15,834
Communications-Web Data Media	750	-
Exalt The Word	466	-
Communications Director Exp	8,250	-
Media Projects	713	-
Total Program Services	223,958	216,952

See Independent Auditor's Report and Notes to Financial Statements

THE OPERATION ANDREW GROUP, INC.
Statements of Activities and Changes in Net Assets (continued)
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Support services		
Salaries	27,456	27,586
Rent	19,134	16,245
Telephone	793	532
Payroll tax	2,101	2,110
Employee benefits	284	675
Contract labor	-	2,800
Insurance	584	762
Supplies/Postage	1,812	2,225
Miscellaneous	16	-
Dues and subscriptions	280	413
Gifts and flowers	152	398
Meals and entertainment	924	671
Board meeting expense	288	152
Depreciation	106	193
Utilities	338	270
Newsletter & All Material	677	702
Website & Data	544	747
Professional fees	5,171	4,202
Communications-Web Data Media	250	-
Communications Director Exp	2,750	-
Media Projects	238	-
Total Support Services	<u>63,898</u>	<u>60,683</u>
Fundraising Services	<u>58,720</u>	<u>41,476</u>
Total Support Services	<u>122,618</u>	<u>102,159</u>
Total Expenses	<u>346,576</u>	<u>319,111</u>
Net Increase (Decrease) in Unrestricted Net Assets	40,770	(55,865)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	73,426	76,669
Net assets released from donor restrictions	<u>(23,426)</u>	<u>(35,468)</u>
Net Change in Temporarily Restricted Net Assets	<u>50,000</u>	<u>41,201</u>
Increase (Decrease) in Net Assets	90,770	(14,664)
NET ASSETS AT BEGINNING OF YEAR	<u>134,343</u>	<u>149,007</u>
NET ASSETS AT END OF YEAR	<u>\$ 225,113</u>	<u>\$ 134,343</u>

See Independent Auditor's Report and Notes to Financial Statements

THE OPERATION ANDREW GROUP, INC.
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 90,770	\$ (14,664)
Adjustments to reconcile increase (Decrease) in net assets to		
Net cash provided by operating activities		
Depreciation	423	772
<i>Change in assets and liabilities:</i>		
Accounts payable	38,120	
Payroll taxes payable	(6)	241
Net cash provided (used) by operating activities	<u>129,307</u>	<u>(13,651)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(697)</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>(697)</u>
Net Increase (Decrease) in Cash	129,307	(14,348)
Cash at Beginning of Year	<u>136,338</u>	<u>150,686</u>
Cash at End of Year	<u><u>\$ 265,645</u></u>	<u><u>\$ 136,338</u></u>

See Independent Auditor's Report and Notes to Financial Statements

THE OPERATION ANDREW GROUP, INC.
Notes to Financial Statements
December 31, 2017 and 2016

Note 1 – Nature of Entity

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

Note 2 – Summary of Significant Accounting Policies

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

Basis of Accounting

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

Basis of Presentation and Net Assets

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

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

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

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

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

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

THE OPERATION ANDREW GROUP, INC.
Notes to Financial Statements
December 31, 2017 and 2016

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

Fair Value of Financial Instruments

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

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

Concentration of Credit Risks

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

Property and Equipment

Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation expense for the years ended 2017 and 2016 was \$423 and \$772, respectively. Routine repairs and maintenance are expensed as incurred. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets as follows:

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

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

Donated Materials, Services, and Use of Facilities

Donated services are reported as contributions when the services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing these skills and would typically need to be purchased if not provided by contribution. Donated equipment or materials, if significant, are included in contributions at fair value. Donated services and materials of \$20,685 and \$16,807, have been reflected at fair value in the financial statements for the years ended December 31, 2017 and 2016, respectively. Donated services and materials consist of accounting and auditing.

THE OPERATION ANDREW GROUP, INC.
Notes to Financial Statements
December 31, 2017 and 2016

Donated Materials, Services, and Use of Facilities (continued)

Donated use of facilities is reported as a contribution when rent of the facility at fair market value exceeds the actual rent being paid by the Organization. Donated use of facilities, if significant, is included in contributions at fair value. Donated use of facilities of \$63,336 has been reflected at fair value in the financial statements for the year ended December 31, 2017. Donated use of facilities consists of leasing office space.

Income Taxes

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

The Organization has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Organization continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended December 31, 2017, the Organization has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS generally, for three years after they filed. Annual filings with the State of Tennessee are, similarly, subject to examination.

Functional Allocation of Expenses

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

Use of Estimates

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

Note 3 – Temporarily Restricted Net Assets

As of December 31, 2017 temporarily restricted net assets consist of amounts restricted for use in the following areas:

Partnership Fund	\$ 1,769
LINC Fund	91,201
	<u>\$ 92,970</u>

THE OPERATION ANDREW GROUP, INC.
Notes to Financial Statements
December 31, 2017 and 2016

Note 3 – Temporarily Restricted Net Assets (continued)

As of December 31, 2016 temporarily restricted net assets consist of amounts restricted for use in the following areas:

Partnership Fund	\$ 1,769
LINC Fund	41,201
	<u>\$ 42,970</u>

Note 4 – Commitments and Contingencies

Leases

On April 13, 2012, the Organization signed a lease agreement for a new copier. This lease expired on May 13, 2016 and was auto-renewed for one year from that date. On June 1, 2018, a new lease was signed with an expiration date of May 31, 2022. Lease expense totaled \$3,720 for the year ended December 31, 2017. For years ending December 31, future minimum lease payments under this lease are as follows:

Year Ending December 31,	Amount
2018	\$ 3,599
2019	3,599
2020	3,599
2021	3,599
2022	3,599
	<u>\$ 17,995</u>

Note 5 – Subsequent Events

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

Forms 990 / 990-EZ Return Summary

For calendar year 2017, or tax year beginning , and ending

62-1799192

The Operation Andrew Group, Inc.

Net Asset / Fund Balance at Beginning of Year 134,343

Revenue

Contributions	<u>387,346</u>	
Program service revenue	<u> </u>	
Investment income	<u> </u>	
Capital gain / loss	<u> </u>	
Fundraising / Gaming:		
Gross revenue	<u> </u>	
Direct expenses	<u> </u>	
Net income	<u> </u>	
Other income	<u>0</u>	
Total revenue		<u>387,346</u>

Expenses

Program services	<u>208,445</u>	
Management and general	<u>58,726</u>	
Fundraising	<u>58,720</u>	
Total expenses		<u>325,891</u>
Excess / (deficit)		<u>61,455</u>
Changes		<u>29,315</u>

Net Asset / Fund Balance at End of Year **225,113**

Reconciliation of Revenue

Total revenue per financial statements	<u>471,367</u>
Less:	
Unrealized gains	<u> </u>
Donated services	<u>84,021</u>
Recoveries	<u> </u>
Other	<u> </u>
Plus:	
Investment expenses	<u> </u>
Other	<u> </u>
Total revenue per return	<u>387,346</u>

Reconciliation of Expenses

Total expenses per financial statements	<u>409,818</u>
Less:	
Donated services	<u>84,021</u>
Prior year adjustments	<u> </u>
Losses	<u> </u>
Other	<u> </u>
Plus:	
Investment expenses	<u> </u>
Other	<u> </u>
Total expenses per return	<u>325,891</u>

	Beginning	Ending	Differences
Assets	<u>137,090</u>	<u>265,975</u>	
Liabilities	<u>2,747</u>	<u>40,862</u>	
Net assets	<u>134,343</u>	<u>225,113</u>	<u>90,770</u>

Miscellaneous Information

Amended return
 Return / extended due date **11/15/18**
 Failure to file penalty