



THE OPERATION ANDREW GROUP, INC.
Audited Financial Statements
December 31, 2010 and 2009

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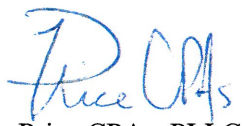
Independent Auditor's Report

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

We have audited the accompanying statements of financial position of The Operation Andrew Group, Inc. (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009 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.


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THE OPERATION ANDREW GROUP, INC.
Statements of Financial Position
December 31, 2010 and 2009

ASSETS			
		<u>2010</u>	<u>2009</u>
CURRENT ASSETS			
Cash		\$ 25,948	\$ 38,912
PROPERTY AND EQUIPMENT			
Equipment		3,909	3,909
Furniture and fixtures		6,554	4,782
Leasehold improvements		1,318	1,318
Accumulated depreciation		<u>(9,397)</u>	<u>(8,230)</u>
		<u>2,384</u>	<u>1,779</u>
TOTAL ASSETS		<u><u>\$ 28,332</u></u>	<u><u>\$ 40,691</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Payroll taxes payable		\$ 2,864	\$ 5,232
Other current liabilities		<u>-</u>	<u>2,500</u>
		2,864	7,732
NET ASSETS			
Unrestricted		11,813	32,959
Temporarily Restricted		<u>13,655</u>	<u>-</u>
Total net assets		<u>25,468</u>	<u>32,959</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 28,332</u></u>	<u><u>\$ 40,691</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, 2010 and 2009

CHANGES IN UNRESTRICTED NET ASSETS	2010	2009
REVENUE		
Contributions	\$ 259,483	\$ 254,777
Net assets released from restrictions	20,180	2,330
Total unrestricted revenues	279,663	257,107
EXPENSES		
Program services		
Salaries	93,683	93,625
Rent	13,470	13,883
Telephone	5,283	4,979
Payroll tax	6,327	5,974
Contract labor	3,587	6,052
Employee benefits	(26)	3,255
Housing Allowance	8,913	8,913
Insurance	1,055	1,030
Supplies/Postage	695	1,787
Miscellaneous	1,317	2,080
Dues and subscriptions	964	332
Taxes and licenses	263	883
Gifts and flowers	97	129
Marketing	-	2,140
Employee reimbursements	1,243	938
Auto expense	2,434	2,599
Travel	887	1,362
Meals and entertainment	2,154	3,293
Board meeting expense	324	2,196
Depreciation	875	964
Clergy seminars	-	355
Honor banquet	4,857	5,176
NAP/GDP	4,137	4,404
Ryman service	-	938
Professional fees	10,377	13,688
Office expense	8,141	8,645
Partnership fund	15,792	4,150
Pastor Leadership Academy	4,388	-
Prayer events	4,626	5,914
Lunch to learn	128	150
Total program services	195,991	199,834

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Support services		
Salaries	31,228	31,208
Rent	4,490	4,628
Telephone	1,761	1,660
Payroll tax	2,109	1,991
Employee benefits	(9)	1,085
Housing Allowance	2,971	2,971
Contract labor	1,196	2,017
Insurance	352	343
Supplies/Postage	232	596
Miscellaneous	439	694
Dues and subscriptions	321	111
Taxes and licenses	88	294
Gifts and flowers	32	43
Marketing	-	713
Employee reimbursements	414	313
Auto expense	811	866
Travel	296	454
Meals and entertainment	718	1,098
Board meeting expense	108	732
Depreciation	292	321
Clergy seminars	-	118
Honor banquet	1,619	1,725
Ryman service	-	313
Professional fees	3,459	4,563
Office expense	2,715	2,882
	<u>55,642</u>	<u>61,739</u>
Fundraising services	<u>49,176</u>	<u>51,220</u>
Total support services	<u>104,818</u>	<u>112,959</u>
Total expenses	<u>300,809</u>	<u>312,793</u>
Net decrease in unrestricted net assets	(21,146)	(55,686)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	33,835	2,330
Net assets released from donor restrictions	<u>(20,180)</u>	<u>(2,330)</u>

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Net change in temporarily restricted net assets	13,655	-
Decrease in net assets	(7,491)	(55,686)
NET ASSETS AT BEGINNING OF YEAR	<u>32,959</u>	<u>88,645</u>
NET ASSETS AT END OF YEAR	<u>\$ 25,468</u>	<u>\$ 32,959</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (7,490)	\$ (55,686)
Adjustments to reconcile decrease in net assets to		
Net cash used by operating activities		
Depreciation	1,167	1,286
<i>Change in assets and liabilities:</i>		
Payroll taxes payable	(2,368)	3,746
Other current liabilities	<u>(2,500)</u>	<u>2,500</u>
Net cash used by operating activities	<u>(11,191)</u>	<u>(48,154)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(1,773)</u>	<u>-</u>
Net cash used by investing activities	<u>(1,773)</u>	<u>-</u>
 Net decrease in cash	 (12,964)	 (48,154)
 Cash at beginning of year	 <u>38,912</u>	 <u>87,066</u>
 Cash at end of year	 <u><u>\$ 25,948</u></u>	 <u><u>\$ 38,912</u></u>

See Independent Auditor's Report and Notes to Financial Statements

THE OPERATION ANDREW GROUP, INC.
Notes to Financial Statements
December 31, 2010 and 2009

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. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

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 (formerly SFAS No. 116), *Accounting for Contributions Received and Contributions Made* and FASB ASC 958-225 (formerly SFAS No. 117), *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 are released from restrictions.

THE OPERATION ANDREW GROUP, INC.
Notes to Financial Statements
December 31, 2010 and 2009

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 Company 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.

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 2010 and 2009 was \$1,167 and \$1,286, 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

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 and Services

Donated services are reported as contributions when the services create or enhance nonfinancial assets or require specialized skills, are 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 \$14,586 and \$17,724 have been reflected at fair value in the financial statements for the years ended December 31, 2010 and 2009, respectively. Donated services and materials consist of accounting and auditing, golf tournament prizes and furniture and fixtures.

THE OPERATION ANDREW GROUP, INC.
Notes to Financial Statements
December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (continued)

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, 2010, the Organization has no material uncertain tax positions to be accounted for in the financial statements under these rules.

Expense Allocation

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and analysis made by the Organization's management.

Date of Management's Review

Subsequent events have been evaluated through January 4, 2012, which is the date the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and 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, 2010, temporarily restricted net assets consist of amounts restricted for use in the following areas:

Partnership Fund	\$ 12,237
Pastor Leadership Academy	<u>1,418</u>
	<u>\$ 13,655</u>