

January 9, 2017

Operation Living Hope Audit Rationale

There are no outstanding loans. Our Budget is balanced. Operation Living Hope (OLH) and Board of Directors (BOD) do not anticipate any financial challenges. Since its founding in year 2007, OLH monthly bank statement ledgers have always registered in the green and never in the red. We intend to keep it that way by operating efficiently and improving our fundraising plan. OLH employs Roxbury and Associates LTD of Brooklyn Park as its CPA.

Data in all statements of OLH financial condition are from 990 IRS form which is based on the OLH bank business account statements revealing complete transactions. OLH has recently recorded on schedule the 990EZ accountability documents required for the IRS on Dec 5, 2017.

Assumptions and current practices of Operation Living Hope and its expression of financial condition:

- 1) OLH and BOD have the desire to understand the financial process of developing and evaluating the financial condition.
- 2) Financial accountability is key to successful management of our non-profit organization.
- 3) As OLH expands, formal cash flow, income, and balance sheets will become available. We currently cannot afford a technical/professional staff to facilitate detailed financial management.
- 4) We look forward to the ability to use such statements to better complete grant applications, and to further validate the mission, goals, and objectives of OLH.
- 5) OLH and BOD commits to following accounting principles and have high ethical standards.
- 6) The OLH interest is to study and investigate the causes of variances between budgeted figures and actual income and expenses

Explanation of Fiscal Year 2015-16 Financial Statement Deficit

In accordance with generally accepted accounting principles, it was required that OLH not add the previous fiscal year balance of \$7557.46 as a carry over with the current fiscal year 2015-16 financial statement balance. Otherwise, adding that figure to the -\$2399.95 figure (or -\$2400.00 figure as shown in the next MN Attorney General PDF exhibit) gives us the Fiscal Year end August 31, 2016 balance of \$5157.51 as shown in the final PDF exhibit.

Also, OLH received an \$8000.00 donation shortly after the fiscal year end and could not quite make it in time for fiscal year 2015-16.

Operation Living Hope, Inc.

Federal ID# 364610045
For Fiscal Year Ending 8/31/2016

Income

| | |
|-----------------------|-----------------|
| Direct Public Support | \$19,770 |
| Government Grants | \$0 |
| Other Revenue | \$0 |
| Total Revenue | \$19,770 |

Expenses

| | |
|---|-----------------|
| Amount Spent for Program or Charitable Purposes | \$20,670 |
| Management/General Expense | \$1,500 |
| Fundraising Expense | \$0 |
| Total Expenses | \$22,170 |

Excess/Deficit **\$-2,400**

| | |
|---------------------------------------|----------------|
| Total Assets | \$5,158 |
| Total Liabilities | \$0 |
| End of Year Fund Bal/Net Worth | \$5,158 |

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Wells Fargo Simple Business Checking

Account number: **18909** ■ August 1, 2016 - August 31, 2016 ■ Page 1 of 5



OPERATION LIVING HOPE
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Questions?

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Activity summary

| | |
|------------------------------------|-------------------|
| Beginning balance on 8/1 | \$5,522.18 |
| Deposits/Credits | 1,237.00 |
| Withdrawals/Debits | - 1,601.67 |
| Ending balance on 8/31 | \$5,157.51 |
| | |
| Average ledger balance this period | \$4,910.85 |