

Annual Report 2007



*"There is a difference between being broke and being poor.
Being broke is a temporary situation and
being poor is a disabling frame of mind."*

John Hope Bryant



A Message

from the Chairman & President

We are pleased to report on our activities, achievements and challenges for the year 2007. This has been, by all accounts, a successful year on a number of fronts. Most notably, we have stayed the course and ensured the provision of quality supports of our partners, despite the many challenges. For this we acknowledge the work of our staff members and the many volunteers and partners of Operation HOPE. We refer you to the departmental reports contained in this Annual Report for more information.

While we have seen many positive changes in the way we provide services and support to our customers, the cost of providing quality services and programs has continued to rise. This challenges us to manage our expenses within a constrained budget while continually striving to improve the quality of our services which our customers and partners have come to expect. As such, the close management of our core businesses; HOPE Banking Center Network, HOPE Coalition America, HOPE Corps and Banking on Our Future, is integral to the success of HOPE.

*On January 22, 2008 President George W. Bush, inspired in part by the work of Operation HOPE, made financial literacy the policy of the United States Government, and appointed
Operation HOPE Founder, Chairman and CEO, John Hope Bryant
the Vice Chairman of the
U.S. President's Advisory Council on Financial Literacy.*

We have made excellence our passion and in our search for quality, there is no such thing as good enough. There is never a finish line as our focus is on continuous improvement. Our goal is to get better, and our 2008 campaign clearly underscores our continued commitment to quality, excellence and devotion to the customers we serve in the poor and under-served communities. We will continue to partner with the best. Like all good ideas, our thinking about total customer satisfaction continues to evolve. Our new systems conversion and technological enhancements encompassed around Digital HOPE will improve the accuracy and speed of our operations, program efficiency, volunteer support and client service, all of which is vital to continued success. We welcome your participation as we continue to get better.

*THE 5 MILLION KIDS CAMPAIGN
A National Financial Literacy "Silver Rights" Initiative
and a Community-Based Initiative to Break-the-Cycle of the High-School
Drop-Out Epidemic in America's Inner-Cities
KICKS OFF IN 2008*

Lastly, we wish to acknowledge with gratitude the Board of Directors. We are most fortunate to have attracted highly dedicated board members, from our global board of advisors to our executive board and national governing board, to our dedicated regional boards, all who have given countless hours of their time to the cutting edge governance and leadership of HOPE. Their commitment to the well being of Operation HOPE as a non-profit organization is unwavering and gives us much hope and optimism for the future.

To the global Operation HOPE family, thank you for helping us make our growing silver rights movement real in the lives of those under-served, yet full of dignity and hope.

Respectfully submitted,



John Hope Bryant
Founder, Chairman and CEO



Bill Walbrecher
President and COO

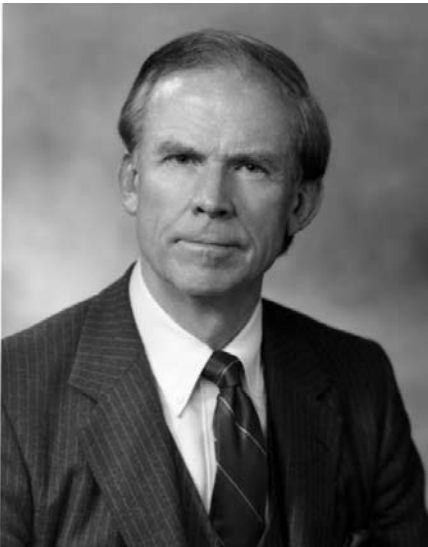
About HOPE

Operation HOPE is a non-profit, public benefit organization, founded immediately following the civil unrest of April 29, 1992 in Los Angeles. HOPE is a leading provider of economic tools and services and is an effective facilitator, lender, advocate and educator for and on behalf of low wealth individuals. Through a series of public/private partnerships and strategic alliances, HOPE has developed and implemented programs focused on connecting the minority community with mainstream, private sector resources, and empowering under-served communities.

HOPE seeks to create sustainable change within under-served communities by consistently promoting opportunity, self-esteem, self love, optimism and future aspiration. HOPE advocates the positive merits of inner-city communities to big business interests, encouraging them to, in the words of HOPE founder John Hope Bryant, provide "a hand up, and not simply a hand out," and to "do well by doing good."

HOPE seeks to make the development and "privatization of inner-city and under-served communities" a top priority; serving as a bridge and facilitator between mainstream and minority communities. The objective of HOPE's work is life sustaining change, rooted in individual, vested interest. HOPE does not promote either a "Great Society" or conservative bootstrap approach, but rather seeks to find the sensible middle ground in every situation, wherein both parties have an interest in the outcome.

A Tribute to Dr. Preston Martin 1923 – 2007



Dr. Martin, HOPE's chief advocate for 15 years, was a dear friend and founding board member. Martin brought HOPE to the national forefront in 1993, using his contacts from the Federal Reserve System, where he was appointed vice chairman of the Federal Reserve from 1982–1986 during the Reagan Administration. The partnership laid the foundation for HOPE to effectively cultivate relationships with other government financial and bank regulatory agencies nationwide.

A tireless campaigner for the under-privileged, Martin helped create Freddie Mac in the 1970's, a government-sponsored agency that bought responsible mortgages and packaged them. He was a founding member of the board of trustees of

Neighborhood Housing Services of America, a national nonprofit group, which he also helped to bring into existence when it was founded in 1974. After leaving government in 1972, he founded the PMI Mortgage Insurance Company, Social Compact, and other organizations to uplift those left behind. Dr. Martin was also one of the first federal financial regulators to make fair lending a top priority. As chairman of the Federal Home Loan Bank System he took a tough stand against redlining, the policy of steering credit away from minority and under served communities.

In 2007 HOPE received a \$1 million gift from the Martin Family Trust in support of Operation HOPE. Through the legacy of our former long-time director Dr. Preston Martin and his wife Genevieve, the HOPE legacy of providing financial literacy education and empowerment of the under-served in America continues.

HOPE is proud to give tribute to the Martins' by naming the home ownership counseling center at the Oakland HOPE Banking Center in their honor.

2007 **STATEMENT** Highlights

HOPE Banking Center Network

Provided **6,200** individuals with money management seminars.

Originated **249** small business loans and **434** mortgage loans resulting in **24** new homeowners.



HOPE Coalition America

Provided emergency outreach assistance to over **35,000** families. Distributed **36,000** Emergency Financial First Aid Kits throughout the country and assisted over **1,000** small businesses in the Gulf States increasing total Katrina assistance to over **103,000** individuals.



Banking on Our Future

Provided over **55,000** youth with financial literacy education with over **260,000** youth educated throughout the program to date in **51** cities in the United States. **1,400** youth were educated throughout Banking on Our Future in Johannesburg, South Africa.



HOPE Corps

Recruited, trained and placed over **2,000** professionals in HOPE Centers, schools and community based organizations throughout the nation to provide financial empowerment programs to low-wealth communities.



2007 STATEMENT of Activities

	Unrestricted	Temporarily Restricted	Total 2007	Total 2006
Revenue and support				
Contributions, grants and sponsorships	\$5,119,235	\$ 5,584,508	\$10,703,743	\$ 9,373,660
Contributed goods and services	1,653,820	--	1,653,820	4,426,788
Donated Assets	--	872,593	872,593	--
Other revenue	31,216	--	31,216	24,235
Net assets released from restrictions	<u>7,492,504</u>	<u>(7,492,504)</u>	<u>--</u>	<u>--</u>
Total revenue and support	<u>14,296,775</u>	<u>(1,035,403)</u>	<u>13,261,372</u>	<u>13,824,683</u>
Expenses				
Program services	<u>7,532,085</u>	<u>--</u>	<u>7,532,085</u>	<u>9,165,272</u>
Supporting services:				
General and administration	2,243,424	--	2,243,424	1,873,924
Fund-raising	<u>1,010,201</u>	<u>--</u>	<u>1,010,201</u>	<u>957,090</u>
Total supporting services	<u>3,253,625</u>	<u>--</u>	<u>3,253,625</u>	<u>2,831,014</u>
Total expenses	<u>10,785,710</u>	<u>--</u>	<u>10,785,710</u>	<u>11,996,286</u>
Change in net assets	<u>3,511,065</u>	<u>(1,035,403)</u>	<u>2,475,662</u>	<u>1,828,397</u>
Net assets at the beginning of the year	(730,397)	6,993,814	6,263,417	4,435,020
Net assets at the end of the year	<u>\$ 2,780,668</u>	<u>\$5,958,411</u>	<u>\$8,739,079</u>	<u>\$6,263,417</u>

2007 STATEMENT of Financial Position

Assets

	2007	2006
Cash and cash equivalents	\$1,303,838	\$1,026,305
Grants receivable	364,998	252,832
Promises to give, net	5,854,395	4,947,877
Prepaid expenses and other assets	457,481	542,690
Property, leasehold improvements and equipment, net	<u>2,205,156</u>	<u>643,389</u>
Total Assets	<u>\$10,185,868</u>	<u>\$7,413,093</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued liabilities	\$ 349,444	\$ 239,302
Accrued payroll and other compensation	391,858	379,105
Line of credit	525,724	348,000
Note payable	20,000	49,022
Obligations under capital leases	<u>159,763</u>	<u>143,247</u>
Total liabilities	<u>1,446,789</u>	<u>1,149,676</u>

Net Assets

Unrestricted	2,780,668	(730,397)
Temporarily restricted	<u>5,958,411</u>	<u>6,993,814</u>
Total net assets	<u>8,739,079</u>	<u>6,263,417</u>
Total liabilities and net assets	<u>\$10,185,868</u>	<u>\$7,413,093</u>

2007 **STATEMENT** of Cash Flows

	2007	2006
Change Flows From Operating Activities		
Change in net assets	\$2,475,662	\$1,828,397
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	313,353	247,052
(Decrease) Increase in provision for uncollectible promises to give	(35,851)	162,342
Increase in discount in unconditional promises to give	6,961	121,938
Donated assets	(872,593)	--
Decrease (increase) in:		
Grants receivable	(112,166)	(96,109)
Promises to give, net	(877,628)	(1,618,131)
Prepaid expenses and other assets	85,209	(168,907)
Accounts payable and accrued liabilities	110,142	48,137
Accrued payroll and other compensation	12,753	36,105
	<u>1,105,842</u>	<u>560,824</u>
Cash Flows Used In Investing Activities		
Purchases of property and equipment	<u>(945,422)</u>	<u>(62,067)</u>
Cash Flows From Financing Activities		
Net borrowings (repayments) on line of credit	177,724	(163,000)
Repayment of notes payable	(29,022)	(135,511)
Payments on obligations under capital leases	<u>(31,589)</u>	<u>(11,133)</u>
	<u>117,113</u>	<u>(309,644)</u>
Net cash provided by (used in) financing activities	<u>117,113</u>	<u>(309,644)</u>
Net increase in cash and cash equivalents	277,533	189,113
Cash and Cash Equivalents at Beginning of Year	<u>1,026,305</u>	<u>837,192</u>
Cash and Cash Equivalents at End of Year	<u>\$1,303,838</u>	<u>\$1,026,305</u>
Supplemental Disclosure of Cash Flow Information	<u>\$ 75,564</u>	<u>\$ 69,328</u>
Cash paid during the year for interest		
Non-Cash Investing and Financing Activities		
Capital lease obligations incurred during the year to acquire office furniture and equipment	<u>\$ 57,105</u>	<u>\$ 145,380</u>
Donated assets	<u>\$ 872,593</u>	<u>==</u>

*“Operation HOPE
is a radical movement
of common sense.”*

- John Hope Bryant



2007 **STATEMENT** Financial Supporters

Alliant Credit Union
American Chartered Bank
American Consumer Alliance, Inc.
Association of California Life & Health Insurance Co.
AT&T
Banco Popular Foundation
Bank Leumi USA
Bank of America
Bank of New York Mellon
Bank of the Orient
Bank of the West
Boston Private Bank & Trust
California Bank & Trust
California League Services Corporation
California National Bank
Capital One Financial
Capital One
Carver Federal Savings
Charles Schwab
Chicago Board of Trade
Chicago Mercantile Exchange
Chrisman & Company
Chubb Federal Insurance Co.
Citigroup Foundation
Citizens Bank
Clearview Federal Credit Union
Clinton Family Foundation
Comerica
Commercial Capital Bank
Deutsche Bank
E*TRADE Financial
East West Bank
Fifth Third Bank
First American Corporation
First Bank and Trust
First Bank of Beverly Hills
First Federal Bank of California
First Republic Bank
Flagstar Bank
Fremont Investment Loan
General Electric Company
Geneva Trading USA
Global Impact
H&R Block
Hanna Family Trust
Henry Molded Products
HSBC
IFC International Finance Corp
Imperial Capital Bank
ING Foundation
Intuit
Investors Bank & Trust Company
IPA Charities
Irwin Union Bank
Jacobs Family Trust
Jeffers Mangels Butler & Marmaro
Jewish Community Foundation
John W. Cavanaugh Family Foundation
JPMorgan Chase Foundation
Kaiser Federal Credit Union
Lehman Bros.
Los Angeles Unified School District
Los Angeles Neighborhood Housing
Louisiana Department of Economic Development
Louisiana Disaster Recovery Foundation
M&T Charitable Foundation
Manatt, Phelps & Phillips, LLP
Manufacturers Bank
Marquette Bank
Martin Family Trust
MB Charitable Foundation
Microsoft
MidAmerica Bank
Mississippi Development
New Detroit
New York Bankers Association
New York Commercial Bank
Nix Check Cashing
NYSE Foundation
Pacific Western Bank
PNC Bank
Points of Light Foundation
Premiere Radio
Private Bank & Trust
Provident Credit Union
RGK Foundation
Ripplewood Foundation, Inc on behalf of R. Scott Spielvogel
Saatchi & Saatchi, Los Angeles
San Francisco Foundation
Sempra Energy
Shore Bank
Smith Barney Charitable Trust
Standard Bank
Standard Bank, South Africa
State Farm Mutual Automobile Insurance
SunTrust Bank
Superior Financial Group
Texas Capital Bank
TFC Foundation
Toyota Motor Sales, USA, Inc
TransUnion
Union Bank of California
United Commercial Bank
United States Department of Labor
United States Economic Development Corporation
United States Treasury Department
Federal Credit Union United Way of Bay Area
United Way, Inc.
US Bank
Vineyard Bank
Wachovia
Washington Mutual
Wells Fargo
Wells Fargo Foundation
Wescom Credit Union

2007 BOARD OF DIRECTORS*

Executive Board Members

Mr. John Bryant
Founder, Chairman, Chief Executive Officer
Operation HOPE, Inc.

Mr. Timothy R. Chrisman
Board Vice Chairman
Chief Executive Officer
Chrisman & Company, Inc.

Mr. Craig DeRoy
President
The First American Corporation

Mr. George W. Haligowski
Chairman and Chief Executive Officer
ITLA Capital/Imperial Capital Bank

Mr. William A. Hanna
President and Chief Executive Officer,
Los Angeles Region
Pacific Western

Mr. Paul H. Irving
Chairman
Manatt, Phelps & Phillips, LLP

Mr. Don J. McGrath
Chairman and Chief Executive Officer
Bank of the West

Mr. Gregory A. Mitchell
President and Chief Executive Officer
California National Bank

Ms. Lynn Pike
Chief Operating Officer
Capital One

Mr. John Robinson
Executive Vice President
Washington Mutual.

Mr. Arlen W. Gelbard
Chief Administrative Officer,
E*TRADE FINANCIAL
President, E*TRADE Bank

Mr. Richard C. Hartnack
Vice Chairman - Consumer Banking Group
U.S. Bancorp

Mr. Roberto R. Herencia
President
Banco Popular North America

Mr. Gregory W. Jones
President
State Farm General Insurance Company

Honorable Jack Kemp
Founder and Chairman
Kemp Partners

Mr. Richard Kenny
President and Chief Executive Officer
Charles Schwab Bank, N.A.

Mr. Bradley Kime
President
Irwin Union Bank

Mr. Kraig T. Kitchin
President and Chief Operating Officer
Premiere Radio Networks

Mr. Irving A. Miller
Group Vice President
Toyota Motor Sales

Ms. Rhonda R. Mims
President & Counsel
ING Foundation
Asst. Community Relations/Government
Affairs, ING

Mr. David Murphy
Co-President, Executive Director

Robert Oehler
President and Chief Executive Officer
Pacific Alliance Bank

Ambassador Robin Renee Sanders

Mr. Gary Wehrle

Ms. Mary Lee Widener
Chief Executive Officer
Neighborhood Housing Services of America

Board Members

Mr. David Emery
Chief Operating Officer
TransUnion

Mr. Mark Ernst
Former Chairman and Chief Executive
Officer
H&R Block

Mr. Jeff Fendler
President
Primerica Life Insurance Company

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