SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
► Attach to Form 990 or 990-EZ.
► Information about Schedule O (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990.*

OMB No. 1545-0047

2014

Name of the organization: THE MIRACLES CLUB

Employer identification number: 93-1190084

FORM 990 - EXPLANATION OF AMENDED RETURN

THE BOOKS OF RECORD WERE NOT PROPERLY RECONCILED AT THE TIME THE ORIGINAL RETURN WAS FILED. THE RETURN WAS NOT PREPARED BY A PERSON WITH ADEQUATE ACCOUNTING EXPERIENCE. THERE ARE SIGNIFICANT DIFFERENCES BETWEEN THE ORIGINAL RETURN AND THE AMENDED RETURN.

FORM 990, PART VI, LINE 5 - *DESCRIPTION OF MATERIAL DIVERSION OF ASSETS*

DURING THE TAX YEARS 2013 AND 2014, THE MIRACLES CLUB EXPERIENCED A DIVERSION OF ASSETS BY THE THEN EXECUTIVE DIRECTOR IN THE AMOUNTS OF $88,162.95 AND $79,953.68, RESPECTIVELY. IN 2014, THE EXECUTIVE DIRECTOR PAID BACK THE MIRACLES CLUB $29,957.14 OF THE MISAPPROPRIATED FUNDS FOR A NET DIVERSION AMOUNT IN 2014 OF $61,205.81. THE EXECUTIVE DIRECTOR HAD DIRECT ACCESS TO THE CLUB'S DEBIT CARD AND WAS A SIGNER ON ALL OF THE CLUB'S CHECKING ACCOUNTS. THE EXECUTIVE DIRECTOR ALSO HAD AT LEAST ONE ADDITIONAL BANK ACCOUNT IN THE ORGANIZATIONS NAME, UNKNOWN TO THE BOARD OF DIRECTORS. THE EXECUTIVE DIRECTOR TOOK UNAUTHORIZED ATM AND COUNTER WITHDRAWALS AT OR FOR CASINO GAMBLING ACTIVITIES. THERE WERE LITTLE OR NO CONTROLS IN PLACE IN 2013 AND 2014 TO IDENTIFY OR STOP THE ACTIVATES AS THEY WERE HAPPENING AND THE BOOKKEEPER AT THE TIME DID NOT UNDERSTAND THE RAMIFICATIONS OF WHAT WAS HAPPENING, NOR WAS SHE SHARING THIS INFORMATION WITH THE BOARD THAT WAS CONSTITUTED IN MID 2014.

IN DECEMBER 2014, THE CURRENT MIRACLES CLUB BOARD OF DIRECTORS (CONSTITUTED IN MAY OF 2014), BECAME AWARE OF THE DIVERSION OF ASSETS AND WAS SUBSEQUENTLY LOOKED AT BY BOTH THE OREGON DEPARTMENT OF JUSTICE AND MULTNOMAH COUNTY AUDITOR DUE TO THE PUBLIC GRANTS THAT WERE ISSUED TO THE ORGANIZATION. THEIR FINDINGS AND ACTIONABLE ITEMS HAVE BEEN ACTED ON BY THE BOARD OF DIRECTORS. THE ITEMS INCLUDE BUT ARE NOT LIMITED TO: REPLACING THE EXECUTIVE DIRECTOR, GETTING AN INDEPENDENT REVIEW ON THE CURRENT CONTROLS AND SUGGESTED CONTROL CHANGES, CLEANING UP THE 2014 FINANCIALS AND