

**MESSENGERS OF LOVE  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2011**

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# Robert Pham, CPA

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*Certified Public Accountant*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Messengers of Love

We have audited the accompanying statement of financial position of Messengers of Love (a nonprofit organization) as of March 31, 2011, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Messengers of Love's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 to material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. 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 audit provides 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 Messengers of Love as of March 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Robert Pham, CPA  
Houston, Texas  
December 12, 2011

# Robert Pham, CPA

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*Certified Public Accountant*

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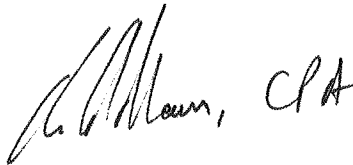
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**INDEPENDENT AUDITOR'S REPORT**  
**ON ADDITIONAL INFORMATION**

To the Board of Directors of  
Messengers of Love

Our report on our audit of the basic financial statements of Messengers of Love as of March 31, 2011 appears on page 2. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Robert Pham, CPA  
Houston, Texas  
December 12, 2011

**MESSENGERS OF LOVE  
STATEMENT OF FINANCIAL POSITION  
AS OF MARCH 31 2011**

<b>ASSETS</b>	
Current Assets	
Cash	\$ 28,018
Account Receivable	221
Total Current Assets	28,239
Fixed Assets	4,461
Accumulated Depreciation	( 2,597)
Total Fixed Assets	1,864
Other Assets	-0-
Total Other Assets	-0-
Total Assets	<b>30,103</b>
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
A/P	5,444
Long-term Liabilities	-0-
Total Liabilities	5,444
Net Assets	
Unrestricted Net Assets	<b>24,659</b>
Temporary Restricted Net Assets	
Total Net Assets	<b>24,659</b>
Total Liabilities and Net Assets	<b>30,103</b>

*See accompanying notes to financial statements*

**MESSENGERS OF LOVE  
STATEMENT OF ACTIVITIES  
AS OF MARCH 31 2011**

REVENUES			UNRESTRICTED
Contribution & Special Events			\$ 61,086
Total Revenue			61,086
<b>EXPENSES</b>			
Program Costs			64,956
Administrative Costs			570
Fund Raising Costs			1,402
Depreciation Expenses			813
Total Expenses			67,741
<b>CHANGES IN ASSETS</b>			<b>(6,655)</b>
<b>NET ASSETS AS OF BEGINNING OF YEAR</b>			<b>31,314</b>
<b>ADJUSTMENTS TO NET ASSETS</b>			<b>-0-</b>
<b>NET ASSETS AS OF END OF YEAR</b>			<b>24,659</b>

*See accompanying notes to financial statements*

**MESSENGERS OF LOVE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2011**

<b>Operating Activities</b>			
Change in Net Assets			(6,655)
Adjustments to reconcile change in net assets To net cash provided by operating activities:			
Decrease in Prepaid Expense			2,598
Increase in Account Payable			881
Depreciation and Amortization			813
Increase in Account Receivable			( 221)
Net cash provided by operating activities			(2,584)
<b>Investing Activities</b>			
Land & Building			-0-
Equipment			( 86)
Net cash provided by investing activities			( 86)
<b>Financing Activities</b>			
Loan			-0-
Adjustment of Net Assets			-0-
Net cash provided by financing activities			-0-
Net increase (decrease) in cash and cash equivalent			(2,670)
Cash and cash equivalent as of beginning of year			30,688
Cash and cash equivalent as of the end of year			28,018

*See accompanying notes to financial statements*

**MESSENGERS OF LOVE  
STATEMENT OF FUNCTIONAL EXPENSES  
AS OF MARCH 31 2011**

	Administrative	Program Cost	Fund Raising	<b>Total Expenses</b>
	Cost		Cost	
Grants		59,760		59,760
Advertising & Promotion		2,546	570	3,116
Bank Fees	10	35		45
Insurance				
Licenses & Fees				
Postage				
Professional Fees		2,000		2,000
Management			115	115
Supplies	559		232	791
Telephone				
Travel		361	360	721
Others		254	126	380
Total before depreciation	569	64,956	1,403	66,928
Depreciation	203	610		813
Total	772	65,566	1,403	67,741

*See accompanying notes to financial statements*

**MESSENGERS OF LOVE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2011**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of activities

Messengers of Love (the Organization) was chartered as a non-profit corporation in the City of Houston, State of Texas. The Organization's mission is to provide human and social supports, services and sponsorships to underserved and underprivileged within the United States, Vietnam and other Southeast Asia countries. Funding for these said programs is primarily through contributions from individuals.

Promise to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the calendar year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivables. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributions

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support depending on the existing or nature or any donor restrictions.

Contributed Services

During the year ended March 31, 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization such as fund raising activities at the residents' facilities, but these services do not meet the criteria for recognition as contributed services. The Organization receives more than 1,000 volunteer hours per year.



### Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

### Income tax status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501© (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

### Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contribution of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates