

**MESSENGERS OF LOVE
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

TABLE OF CONTENTS

	<u>PAGE</u>
AUDITOR'S REPORT ON FINANCIAL STATEMENTS	2-3
AUDITOR'S REPORT ON ADDITIONAL INFORMATION	4
STATEMENT OF FINANCIAL POSITION	5
STATEMENTS OF ACTIVITIES & CASH FLOW	6-7
STATEMENT OF FUNCTIONAL EXPENSES	8
NOTES TO FINANCIAL STATEMENTS	9-12

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Messengers of Love

Report on the Financial Statements

We have audited the accompanying statement of financial position of Messengers of Love (a non-profit organization) as of March 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "R. S. Pham". The signature is fluid and cursive, with a large initial "R" and "S" followed by the name "Pham".

Robert Pham, CPA
Houston, Texas
October 13, 2014

Robert Pham, CPA

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INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

To the Board of Directors of
Messengers of Love

We have audited the financial statements of Messengers of Love as of and for the year ended March 31, 2014 and have issued our report thereon dated October 13, 2014, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of function expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Robert Pham, CPA
Houston, Texas
October 13, 2014

**MESSENGERS OF LOVE
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31 2014**

ASSETS	
Current Assets	
Cash	\$ 98,046
Account Receivable	-0-
Total Current Assets	98,046
Fixed Assets	4,461
Accumulated Depreciation	(4,444)
Total Fixed Assets	17
Other Assets	181,224
Total Other Assets	-0-
Total Assets	279,287
LIABILITIES AND NET ASSETS	
Current Liabilities	
A/P	-0-
Long-term Liabilities	-0-
Total Liabilities	-0-
Net Assets	
Unrestricted Net Assets	279,287
Temporary Restricted Net Assets	
Total Net Assets	279,287
Total Liabilities and Net Assets	279,287

See accompanying notes to financial statements

**MESSENGERS OF LOVE
STATEMENT OF ACTIVITIES
AS OF MARCH 31 2014**

REVENUES		UNRESTRICTED
Contribution & Special Events		\$ 108,152
Net Gain on Investments		15,417
Total Revenue		123,569
EXPENSES		
Program Costs		48,744
Administrative Costs		2,417
Fund Raising Costs		587
Depreciation Expenses		517
Total Expenses		52,265
CHANGES IN ASSETS		71,304
NET ASSETS AS OF BEGINNING OF YEAR		207,983
ADJUSTMENTS TO NET ASSETS		-0-
NET ASSETS AS OF END OF YEAR		279,287

See accompanying notes to financial statements

**MESSENGERS OF LOVE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014**

Operating Activities			
Change in Net Assets			71,304
Adjustments to reconcile change in net assets To net cash provided by operating activities:			
Increase in Other Assets			(31,107)
Decreased in Account Payable			(718)
Depreciation and Amortization			517
Decrease in Account Receivable			892
Net cash provided by operating activities			40,888
Investing Activities			
Land & Building			-0-
Equipment			-0-
Net cash provided by investing activities			-0-
Financing Activities			
Loan			-0-
Adjustment of Net Assets			-0-
Net cash provided by financing activities			-0-
Net increase (decrease) in cash and cash equivalent			40,888
Cash and cash equivalent as of beginning of year			57,158
Cash and cash equivalent as of the end of year			98,046

See accompanying notes to financial statements

**MESSENGERS OF LOVE
STATEMENT OF FUNCTIONAL EXPENSES
AS OF MARCH 31 2014**

	Administrative	Program Cost	Fund Raising	Total Expenses
	Cost		Cost	
Grants		46,738		46,738
Advertising & Promotion		506	507	1,013
Bank Fees				
Insurance				
Licenses & Fees				
Postage				
Professional Fees		1,500		1,500
Management			80	80
Supplies	2,108			2,108
Telephone				
Travel				
Others	309			309
Total before depreciation	2,417	48,744	587	51,748
Depreciation		517		517
Total	2,417	49,261	587	52,265

See accompanying notes to financial statements

**MESSENGERS OF LOVE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

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, 2014, 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.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

Level 2 – Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumption regarding risk.

Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the Organization bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Organization's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future value.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value and for estimating fair value for financial instruments not recorded at fair value. There have been no changes in the methodologies used at March 31, 2014.

Cash and Cash Equivalents: The carrying amounts reported in the balance sheet for cash and cash equivalent approximates fair value because of the short maturity of these instruments.

Deposits: The fair values disclosed for demand deposits are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The carrying amounts of variable-rate, fixed-term money-market accounts and certificates of deposit approximate their fair values. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently offered on certificates to a schedule of aggregate expected monthly maturities on time deposits. The carrying amount of accrued interest payable approximates fair value.

Accounts receivable and accounts payable: The carrying amounts reported in the balance sheet for accounts receivable and accounts payable approximates fair value because of the short maturity of these instruments.

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.

Disclosure of Evaluation of Subsequent events

In accordance with FASB ASC Topic 855, *Subsequent Events*, The organization evaluated subsequent events through March 31, 2014, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.