

**MESSENGERS OF LOVE  
REVIEWED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

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# Robert Pham, CPA

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## Certified Public Accountant

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### INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Messengers of Love

I have reviewed the accompanying financial statements of Messengers of Love (a nonprofit organization), which comprise the statement of financial position as of March 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

#### **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.

#### **Accountant's Responsibility**

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

#### **Accountant's Conclusion.**

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Robert Pham, CPA  
Houston, Texas  
November 23, 2016

**MESSENGERS OF LOVE  
STATEMENT OF FINANCIAL POSITION  
AS OF MARCH 31, 2016**

<b>ASSETS</b>	
Current Assets	
Cash	\$ 74,809
Account Receivable	-0-
Total Current Assets	<b>74,809</b>
Fixed Assets	7,097
Accumulated Depreciation	( 5,657)
Total Fixed Assets	1,440
Other Assets	<b>257,777</b>
Total Other Assets	-0-
Total Assets	<b>334,026</b>
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
A/P	-0-
Long-term Liabilities	-0-
Total Liabilities	-0-
Net Assets	-0-
Unrestricted Net Assets	<b>334,026</b>
Temporary Restricted Net Assets	
Total Net Assets	<b>334,026</b>
Total Liabilities and Net Assets	<b>334,026</b>

*See accompanying notes to financial statements*

**MESSENGERS OF LOVE  
STATEMENT OF ACTIVITIES  
AS OF MARCH 31, 2016**

REVENUES		UNRESTRICTED
Contribution & Special Events		\$ 59,803
Fund Raising		5,217
Interest/Dividend		6,155
Net Gain (Loss) on Investment		(27,294)
Total Revenue		43,881
EXPENSES		
Program Costs		49,810
Administrative Costs		2,292
Fund Raising Costs		493
Depreciation Expenses		400
Total Expenses		52,995
<b>CHANGES IN ASSETS</b>		<b>(9,114)</b>
<b>NET ASSETS AS OF BEGINNING OF YEAR</b>		<b>343,140</b>
<b>ADJUSTMENTS TO NET ASSETS</b>		<b>-0-</b>
<b>NET ASSETS AS OF END OF YEAR</b>		<b>334,026</b>

*See accompanying notes to financial statements*

**MESSENGERS OF LOVE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2016**

<b>Operating Activities</b>			
Change in Net Assets			(9,114)
Adjustments to reconcile change in net assets To net cash provided by operating activities:			
Decrease in Other Assets			27,294
Decreased in Account Payable			(-0-)
Depreciation and Amortization			400
Decrease in Account Receivable			-0-
Net cash provided by operating activities			18,580
<b>Investing Activities</b>			
Land & Building			-0-
Equipment			(1,200)
Net cash provided by investing activities			-0-
<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			17,380
Cash and cash equivalent as of beginning of year			57,430
Cash and cash equivalent as of the end of year			74,810

*See accompanying notes to financial statements*

**MESSENGERS OF LOVE  
STATEMENT OF FUNCTIONAL EXPENSES  
AS OF MARCH 31 2016**

	Administrative	Program Cost	Fund Raising	Total Expenses
	Cost		Cost	
Grants		49,810		49,810
Advertising & Promotion			493	493
Bank Fees				
Insurance				
Licenses & Fees				
Postage				
Professional Fees	1,500			1,500
Management				
Supplies	792			792
Telephone				
Travel				
Others				
Total before depreciation	2,292	49,810	493	52,595
Depreciation	400			400
Total	2,674	49,810	493	52,995

*See accompanying notes to financial statements*

**MESSENGERS OF LOVE  
(A NON-PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016  
(REVIEWED)**

**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, 2016, 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, 2016.

*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, 2016, 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.