

MGVP, INC.

**Financial Statements with
Supplementary Information and
Independent Auditors' Report**

June 30, 2007 and 2006

MGVP, INC.
Table of Contents
June 30, 2007 and 2006

	<u>Page</u>
Independent Auditors' Report.....	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Changes in Net Assets	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7 - 9
Supplementary Information:	
Statements of Functional Expenses	10 - 11



Independent Auditors' Report

To the Board of Directors of
MGVP, Inc.
Baltimore, Maryland

We have audited the accompanying statements of financial position of MGVP, Inc. (a not-for-profit organization, the "Organization") as of June 30, 2007 and 2006, and the related statements of activities, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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 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 audits provide 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 the Organization as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of functional expenses shown on pages 10-11 are presented for the purpose of additional analysis and are 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.

Smart and Associates, LLP

November 14, 2007

SMART and Associates, LLP
Certified Public Accountants

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MGVP, INC.
Statements of Financial Position
June 30, 2007 and 2006

ASSETS

	2007	2006
Current assets:		
Cash	\$ 27,758	\$ 54,773
Unconditional promises to give	-	24,750
Other receivables	3,350	1,552
Notes receivable, net of long-term portion	13,200	-
Prepaid expenses	11,912	7,700
Total current assets	56,220	88,775
Long-term portion of notes receivable	16,700	-
Total assets	\$ 72,920	\$ 88,775

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 15,847	\$ 10,017
Total liabilities	15,847	10,017
Net assets:		
Unrestricted	31,758	63,895
Temporarily restricted	25,315	14,863
Total net assets	57,073	78,758
Total liabilities and net assets	\$ 72,920	\$ 88,775

The accompanying notes are an integral part of these financial statements.

MGVP, INC.
Statements of Activities
For the year ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Support and revenue:			
Grants	\$ 525,915	\$ 71,038	\$ 596,953
Contributions	113,411	-	113,411
Other revenue	4,107	-	4,107
Donated services	44,709	-	44,709
	<u>688,142</u>	<u>71,038</u>	<u>759,180</u>
Net assets released from restrictions:			
Satisfaction of purpose restrictions	60,586	(60,586)	-
	<u>748,728</u>	<u>10,452</u>	<u>759,180</u>
Functional expenses:			
Program services	667,731	-	667,731
Management and general	98,823	-	98,823
Fund-raising	14,311	-	14,311
	<u>780,865</u>	<u>-</u>	<u>780,865</u>
Changes in net assets	<u>\$ (32,137)</u>	<u>\$ 10,452</u>	<u>\$ (21,685)</u>

The accompanying notes are an integral part of these financial statements.

MGVP, INC.
Statements of Activities, continued
For the year ended June 30, 2006

	Unrestricted	Temporarily restricted	Total
Support and revenue:			
Grants	\$ 594,113	\$ 14,863	\$ 608,976
Contributions	33,057	-	33,057
Donated services	75,961	-	75,961
	<u>703,131</u>	<u>14,863</u>	<u>717,994</u>
 Functional expenses:			
Program services	418,819	-	418,819
Management and general	118,572	-	118,572
Fund-raising	101,845	-	101,845
	<u>639,236</u>	<u>-</u>	<u>639,236</u>
 Changes in net assets	<u>\$ 63,895</u>	<u>\$ 14,863</u>	<u>\$ 78,758</u>

The accompanying notes are an integral part of these financial statements.

MGVP, INC.
Statements of Changes in Net Assets
For the years ended June 30, 2007 and 2006

	Unrestricted	Temporarily restricted	Total
Balance at July 1, 2005	\$ -	\$ -	\$ -
Changes in net assets	63,895	14,863	78,758
Balance at June 30, 2006	63,895	14,863	78,758
Changes in net assets	(32,137)	10,452	(21,685)
Balance at June 30, 2007	\$ 31,758	\$ 25,315	\$ 57,073

The accompanying notes are an integral part of these financial statements.

MGVP, INC.
Statements of Cash Flows
For the years ended June 30, 2007 and 2006

	2007	2006
Cash flows (used in) provided by operating activities:		
(Decrease) increase in net assets	\$ (21,685)	\$ 78,758
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
(Increase) decrease in:		
Unconditional promises to give	24,750	(24,750)
Other receivables	(1,798)	(1,552)
Notes receivable	(29,900)	-
Prepaid expenses	(4,212)	(7,700)
Increase in:		
Accounts payable	5,830	10,017
Net cash (used in) provided by operating activities	(27,015)	54,773
Net (decrease) increase in cash	(27,015)	54,773
Cash, beginning of year	54,773	-
Cash, end of year	\$ 27,758	\$ 54,773

The accompanying notes are an integral part of these financial statements.

MGVP, INC.
Notes to Financial Statements
June 30, 2007 and 2006

1. Nature of Activities and Summary of Significant Accounting Policies:

This summary of significant accounting policies of MGVP, Inc. (the "Organization") is presented to assist in the understanding of the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Activities:

The Organization is a not-for-profit corporation headquartered in Baltimore, Maryland, which provides conservation and health care intervention of the near-extinct African Mountain Gorillas in their natural habitats in Rwanda, Uganda and the Republic of Congo. The Organization receives public support to fund its program activities.

Basis of Presentation:

The financial statements of the Organization have been prepared using the accrual basis of accounting and have been prepared in accordance with Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* ("SFAS 117"). Under SFAS 117, the Organization is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Organization had no permanently restricted net assets as of and for the years ended June 30, 2007 and 2006.

Use of Estimates in Preparing Financial Statements:

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents:

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Fair Value of Financial Instruments:

The carrying amounts of the Organization's assets and liabilities approximate fair value due to the short-term maturity of these financial instruments.

Property, Plant and Equipment:

The Organization's management decided not to capitalize any assets purchased or built in Rwanda, Uganda and the Republic of Congo due to frequent political unrests and possible destruction or government confiscation of the assets in those countries.

MGVP, INC.
Notes to Financial Statements, continued
June 30, 2007 and 2006

1. Nature of Activities and Summary of Significant Accounting Policies, continued:

Promises to Give:

Unconditional promises to give are recognized as assets and contribution revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Promises to give are recorded at net realizable value if expected to be collected within one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions:

The Organization accounts for contributions in accordance with Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* ("SFAS 116"). Under SFAS 116, contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence or nature of any donor restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the contribution as unrestricted. Contributions of marketable securities are recorded at their estimated fair market values.

Donated Services:

The Organization recognizes donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Income Taxes:

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC").

Functional Expenses:

The costs of providing program and management activities have been summarized on a functional basis in the statement of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs:

Advertising costs are charged to expense in the year incurred. Advertising expense for the years ended June 30, 2007 and 2006 totaled \$1,446 and \$2,083, respectively.

MGVP, INC.
Notes to Financial Statements, continued
June 30, 2007 and 2006

2. Donated Services:

Donated services have been recorded both as a contribution and expense and are reflected in the financial statements at fair market value. Donated services consisted of the following for the years ended June 30:

	2007	2006
Accounting	\$ 32,640	\$ 9,841
Advertising	1,446	2,083
Development/legal	10,009	64,037
Miscellaneous	450	-
Postage	164	-
	\$ 44,709	\$ 75,961

3. Concentrations:

The Organization currently derives 55% (79% in 2006) of their total support and revenue from one private foundation.

4. Restrictions on Net Assets:

The Organization holds temporarily restricted net assets for the following purposes for the years ended June 30:

	2007	2006
Animal rescue and rehabilitation	\$ 11,714	\$ 14,863
Rehabilitation and sample imports	13,601	-
	\$ 25,315	\$ 14,863

MGVP, INC.
Statements of Functional Expenses
For the year ended June 30, 2007

	Program services	Management and general	Fund- raising	Total
Advertising	\$ -	\$ -	\$ 1,446	\$ 1,446
Bank fees	-	5,744	-	5,744
Capacity building	5,333	-	-	5,333
Data processing	4,759	529	-	5,288
Development programs	10,227	-	-	10,227
Entertainment and meals	629	514	217	1,360
Facility maintenance	1,474	150	-	1,624
Insurance	-	6,488	-	6,488
License and dues	-	100	-	100
Miscellaneous	3,364	2,892	-	6,256
Occupancy-housing for American vets	12,331	-	-	12,331
Office supplies and furniture	1,822	4,566	-	6,388
Payroll taxes and fringe benefits	47,624	2,669	-	50,293
Postage and messenger services	1,282	855	-	2,137
Professional fees	-	48,372	8,559	56,931
Project activities	141,463	-	-	141,463
Public and graphic products-in house	205	-	-	205
Public and graphic products-third party	-	368	4,089	4,457
Rent	9,167	1,692	-	10,859
Salaries and wages	124,018	18,212	-	142,230
Subcontract labor	164,030	4,300	-	168,330
Telephone and communication	12,875	1,038	-	13,913
Travel	70,401	-	-	70,401
Utilities	3,856	334	-	4,190
Vehicle	52,871	-	-	52,871
Total functional expenses	\$ 667,731	\$ 98,823	\$ 14,311	\$ 780,865

See independent auditors' report.

MGVP, INC.
Statements of Functional Expenses, continued
For the year ended June 30, 2006

	Program services	Management and general	Fund- raising	Total
Advertising	\$ -	\$ 2,083	\$ -	\$ 2,083
Bank fees	-	2,668	-	2,668
Capacity building	4,566	-	-	4,566
Data processing	4,035	448	-	4,483
Development programs	21,442	-	-	21,442
Entertainment and meals	-	-	432	432
Facility maintenance	1,288	112	-	1,400
Insurance	-	7,500	-	7,500
License and dues	-	500	-	500
Miscellaneous	6,008	-	-	6,008
Occupancy-housing for American vets	4,984	-	-	4,984
Office supplies and furniture	2,919	1,550	-	4,469
Payroll taxes and fringe benefits	29,969	1,265	-	31,234
Postage and messenger services	-	995	-	995
Professional fees	2,176	78,854	101,413	182,443
Project activities	64,195	-	-	64,195
Public and graphic products-in house	1,051	-	-	1,051
Public and graphic products-third party	-	29	-	29
Rent	7,410	840	-	8,250
Salaries and wages	104,720	14,440	-	119,160
Subcontract labor	94,170	3,480	-	97,650
Telephone and communication	8,433	2,108	-	10,541
Travel	45,699	-	-	45,699
Utilities	1,870	1,700	-	3,570
Vehicle	13,884	-	-	13,884
Total functional expenses	\$ 418,819	\$ 118,572	\$ 101,845	\$ 639,236

See independent auditors' report.