

**ANGELWISH, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2010
(With Comparative Totals for 2009)**

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TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-7
Supplemental Schedule of Functional Expenses	8

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INDEPENDENT AUDITORS' REPORT

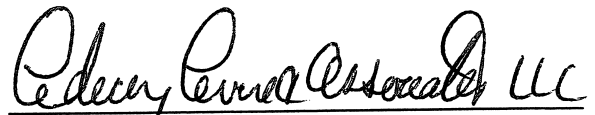
The Board of Directors
Angelwish, Inc.

We have audited the accompanying statement of financial position of Angelwish, Inc. (the "Organization") as of December 31, 2010 and the related statements of activities 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 audits. The prior year summarized comparative information has been derived from the Organization's 2009 financial statement and, in our report dated November 15, 2010, we expressed an unqualified opinion on these financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Angelwish, Inc. as of December 31, 2010 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Angelwish, Inc. taken as a whole. The accompanying supplemental schedule of functional expenses for the year ended December 31, 2010 is presented for the purpose 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, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The prior year summarized comparative information has been derived from the Organization's 2009 financial statement.


Lederer, Levine & Associates, LLC

New York, NY
October 27, 2011

ANGELWISH, INC
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED OF DECEMBER 31, 2010
(With Comparative Totals for 2009)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents (Notes B and E)	\$ 175,475	\$ 211,912
Contributions receivable	26,402	33,662
Pledge receivable (Notes B and C)		22,500
Prepaid expenses	1,970	5,886
Property and equipment, net (Notes B and D)	5,176	7,615
Security deposit		<u>1,100</u>
TOTAL ASSETS	\$ <u>209,023</u>	\$ <u>282,675</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ <u>22,294</u>	<u>23,141</u>
TOTAL LIABILITIES	<u>22,294</u>	<u>23,141</u>
COMMITMENTS AND CONTINGENCIES (Note H)		
NET ASSETS		
Unrestricted	186,729	237,034
Temporarily restricted (Note F)		<u>22,500</u>
TOTAL NET ASSETS	<u>186,729</u>	<u>259,534</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>209,023</u>	\$ <u>282,675</u>

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

ANGELWISH, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OF DECEMBER 31, 2010
(With Comparative Totals for 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE:				
Contributions (Note B)	\$ 95,550	\$ 55,190	\$ 150,740	\$ 135,185
In kind contributions (Notes B and G)	316,565		316,565	221,027
Royalties	803		803	1,396
Special event revenue				3,500
Investment income (Note B)	1,582		1,582	3,079
Other income	23,710		23,710	
Net assets released from restrictions	77,690	(77,690)		
TOTAL SUPPORT AND REVENUE	515,900	(22,500)	493,400	364,187
EXPENSES:				
Program services	477,497		477,497	412,761
Management and general	57,254		57,254	41,066
Fundraising	31,454		31,454	31,502
TOTAL EXPENSES	566,205		566,205	485,329
Change in Net Assets	(50,305)	(22,500)	(72,805)	(121,142)
Net Assets - Beginning of Year	237,034	22,500	259,534	396,636
Prior Period Adjustment (Note I)				(15,960)
Net Assets - Beginning of Year (Restated)	237,034	22,500	259,534	380,676
Net Assets- End of Year	\$ 186,729	\$	\$ 186,729	\$ 259,534

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

ANGELWISH, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OF DECEMBER 31, 2010
(With Comparative Totals for 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (72,805)	\$ (121,142)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation	2,439	2,122
Reclassification of prior period property and equipment - net		15,960
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	7,260	85,785
Pledge receivable	22,500	(22,500)
Prepaid expenses	3,916	(4,221)
Security deposit	1,100	(1,100)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>(847)</u>	<u>1,242</u>
Net Cash (Used) by Operating Activities	<u>(36,437)</u>	<u>(43,854)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment		(3,456)
Reclassification of prior period property and equipment - net		<u>(15,960)</u>
Net Cash (Used) by Investing Activities		<u>(19,416)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(36,437)	(63,270)
Cash and cash equivalents - beginning of year	<u>211,912</u>	<u>275,182</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 175,475</u>	<u>\$ 211,912</u>

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

ANGELWISH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note A - Organization and Nature of Activities

Angelwish, Inc. (the "Organization"), founded in 1999, was incorporated in the State of Delaware as a United States not-for-profit organization with a global reach. The Organization is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. The Organization was created to help busy individuals grant the wishes of and support the basic needs of children living with HIV/AIDS all over the world.

Note B - Summary of Significant Accounting Policies

Basis of Accounting

Angelwish prepares its financial statements using the accrual basis of accounting. The Organization follows accounting principles generally accepted in the United States of America ("U.S. GAAP") which include certain specialized requirements set forth in publications of the Financial Accounting Standards Board.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 27, 2011.

Accounting for Uncertainty in Income Taxes

The Organization's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of less than three months to be cash equivalents.

In-Kind Contributions

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

Restricted Contributions

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ANGELWISH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

Note B - Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values.

Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Investment income consisted of the following for the year ended December 31:

	<u>2010</u>	<u>2009</u>
Interest income	\$ <u>1,582</u>	\$ <u>3,079</u>

Note C - Pledge Receivable

Pledge receivable consists of the following at December 31:

	<u>2010</u>	<u>2009</u>
Unconditional promises to be collected in less than one year	\$ <u> </u>	\$ <u>22,500</u>

Note D - Property and Equipment

Property and equipment consists of the following as at December 31:

	<u>2010</u>	<u>2009</u>
Equipment and computers	\$ 12,786	\$ 12,786
Less: accumulated depreciation	<u>(7,610)</u>	<u>(5,171)</u>
	\$ <u>5,176</u>	\$ <u>7,615</u>

Note E - Concentration of Credit Risk

The Organization maintains several bank accounts at a bank which is an institution insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. This limit will be in effect through December 31, 2013. At December 31, 2010 and 2009, there were no uninsured cash balances.

Note F - Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to the following restrictions at December 31:

	<u>2010</u>	<u>2009</u>
Time and program restricted	\$ <u> </u>	\$ <u>22,500</u>

ANGELWISH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

Note G – In-Kind Contributions

The Organization received the following in-kind contributions for the year ended December 31:

	<u>2010</u>	<u>2009</u>
Program supplies	\$ 257,990	\$ 221,027
Occupancy	31,700	
Professional fees	10,000	
Information technology	<u>16,875</u>	
Total	<u>\$ 316,565</u>	<u>\$ 221,027</u>

Note H – Commitments and Contingencies

The Organization leased real property for program and administrative purposes. Rental expense amounted to \$8,000 and \$13,200 for the years ended December 31, 2010 and 2009, respectively. In July, 2010, the Organization moved its headquarters to donated space in Manhattan, New York.

Note I – Prior Period Adjustment

The Organization determined that unrestricted net assets at December 31, 2008 were incorrectly recorded due to the incorrect capitalization of computer software.

ANGELWISH, INC
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OF DECEMBER 31, 2010
(With Comparative Totals for 2009)

	2010				2009
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Personnel costs:					
Salaries	\$ 69,573	\$ 14,909	\$ 14,908	\$ 99,390	\$ 106,860
Payroll taxes and employee benefits	<u>6,010</u>	<u>1,288</u>	<u>1,287</u>	<u>8,585</u>	<u>9,306</u>
Total personnel costs	75,583	16,197	16,195	107,975	116,166
Program activities and grants (Notes B and G)	328,775			328,775	307,940
Professional and consulting fees (Note G)	16,642	19,711	2,373	38,726	12,756
Occupancy (Note G)	23,822	7,940	7,940	39,702	13,200
Event costs					205
Information technology expenses (Note G)	21,457			21,457	2,992
Travel and meetings	3,078	2,881	969	6,928	6,321
Postage and printing	253	757	253	1,263	4,819
Office supplies and expenses	274	2,290	274	2,838	5,592
Insurance	864	1,657	208	2,729	2,103
Advertising			1,882	1,882	2,881
Telephone	3,607	1,030	515	5,152	3,386
Utilities	1,435	479	479	2,393	3,398
Other		3,946		3,946	1,448
Depreciation	<u>1,707</u>	<u>366</u>	<u>366</u>	<u>2,439</u>	<u>2,122</u>
Total Expenses	\$ <u>477,497</u>	\$ <u>57,254</u>	\$ <u>31,454</u>	\$ <u>566,205</u>	\$ <u>485,329</u>

See independent auditor's report.