

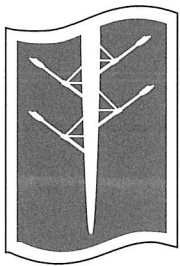
AGAPE INTERNATIONAL, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

AGAPE INTERNATIONAL, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

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Murphy,
Edwards,
Goncalves
&
Ferrera, PC

*Certified Public Accountants
and Business Advisors*

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Agape International, Inc.

We have reviewed the accompanying statements of assets, liabilities and net assets - modified cash basis of Agape International, Inc. (a nonprofit organization) as of March 31, 2014 and 2013, and the related statements of support, revenue and expenses - modified cash basis and cash flows - modified cash basis for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity the modified cash basis of accounting.

Murphy, Edwards, Goncalves & Ferrera, PC

Southborough, MA
November 2, 2015

AGAPE INTERNATIONAL, INC.

STATEMENTS OF SUPPORT, REVENUE AND EXPENSES - MODIFIED CASH BASIS

FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

ASSETS

	2014	2013
CURRENT ASSETS:		
Cash (Note 2)	\$ 467,635	\$ 225,321
Total Current Assets	<u>467,635</u>	<u>225,321</u>
PROPERTY AND EQUIPMENT, NET (Notes 2 and 4)	<u>13,481</u>	<u>19,512</u>
OTHER ASSETS:		
Prepaid Expenses	6,015	36,160
Investments (Note 3)	<u>516,602</u>	<u>708,806</u>
Total Other Assets	<u>522,617</u>	<u>744,966</u>
TOTAL ASSETS	<u>\$ 1,003,733</u>	<u>\$ 989,799</u>

NET ASSETS

CURRENT LIABILITIES		
Accrued Expenses	\$ 120	\$ 2,633
Total Current Liabilities	<u>120</u>	<u>2,633</u>
UNRESTRICTED NET ASSETS (Note 2)	<u>1,003,613</u>	<u>987,166</u>
TOTAL NET ASSETS	<u>\$ 1,003,733</u>	<u>\$ 989,799</u>

See Accompanying Notes and Independent Accountants' Review Report

AGAPE INTERNATIONAL, INC.

STATEMENTS OF SUPPORT, REVENUE AND EXPENSES - MODIFIED CASH BASIS

FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
UNRESTRICTED SUPPORT AND REVENUE:		
Contributions	\$ 336,570	\$ 332,625
Special Events, Net	21,386	10,774
Investment Income	3,449	1,039
Net Unrealized Gain (Loss)	(789)	3,180
Net Realized Gain	13	790
Total Support	360,629	348,408
FUNCTIONAL EXPENSES (Note 2):		
Program Services:		
Orphanages	142,022	171,097
Education	97,322	96,949
Medical Clinics	11,720	22,175
Total Program Services	251,064	290,221
Support Services:		
Administrative	59,877	54,045
Fundraising	33,241	34,110
Total Support Services	93,118	88,155
Total Functional Expenses	344,182	378,376
INCREASE (DECREASE) IN NET ASSETS	16,447	(29,968)
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	987,166	1,017,134
UNRESTRICTED NET ASSETS - END OF YEAR	\$ 1,003,613	\$ 987,166

See Accompanying Notes and Independent Accountants' Review Report

AGAPE INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ 16,447	\$ (29,968)
Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:		
Depreciation	6,031	6,031
Net Realized Gain on Investments	(13)	(790)
Unrealized (Gain) Loss) on Investments	789	(3,180)
Donated Stock	5,123	19,331
Sale of Donated Securities	(5,123)	(19,331)
Changes in Current Assets and Liabilities:		
Prepaid Expenses	30,145	(9,993)
Accrued Expenses	120	1,773
Net Cash Provided (Used) by Operating Activities	<u>53,519</u>	<u>(36,127)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale (Purchase) of Securities, Net	<u>188,795</u>	<u>(20,370)</u>
Net Cash Provided (Used) by Investing Activities	<u>188,795</u>	<u>(20,370)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	242,314	(56,497)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>225,321</u>	<u>281,818</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 467,635</u></u>	<u><u>\$ 225,321</u></u>

See Accompanying Notes and Independent Accountants' Review Report

AGAPE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Agape International, Inc. (the Organization) is a nonprofit organization in Ashland, Massachusetts. The Organization cares for children in India orphaned as a result of AIDS. Currently there are seven orphanages caring for approximately 250 children. The primary revenue sources are donations from the general public, grants and corporate solicitations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis differs from generally accepted accounting principles primarily because the Organization has not recognized receivables for contributions and other revenues, accounts payable to vendors, and deferred revenues, and their related effects on the change in unrestricted net assets. Except for the modification discussed below, financial transactions are recorded when the actual cash transactions occur irrespective of when revenue is earned or expense obligations are incurred.

The Organization has modified the cash basis of accounting to recognize investments at fair value in the statements of assets, liabilities, and net assets—modified cash basis with the related unrealized gain(loss) reflected in the statements of revenues and expenses—modified cash basis.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represent the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represent resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represent resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

AGAPE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The Organization classifies its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are charged directly according to their functional classification. Other expenses that are common to program and support services are allocated by various statistical methods.

Cash and Cash Equivalents

Management considers equivalent to cash all money market funds and other deposits with a maturity date of ninety days or less from the date of purchase. Cash equivalents are stated at cost which approximates market.

Property and Equipment

The Organization follows the practice of capitalizing all significant expenditures at cost. Depreciation expense is computed using various methods, including the straight line method over the estimated useful lives of the related assets. Depreciation expense is \$6,031 for the years ended March 31, 2014 and 2013.

Fair Value Measurements

Assets and liabilities measured at fair value are categorized into one of three different levels depending on the observability of the inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are market-observable inputs for measuring the asset or liability other than quoted prices included within Level 1. Level 3 inputs are unobservable inputs for measuring the asset or liability reflecting significant modifications to observable related market data or the Organization's assumptions about pricing by market participants.

AGAPE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Support that is restricted by the donor is reported as an increase in unrestricted net assets, if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets in accordance with the restriction.

Income Taxes

Agape International, Inc. qualifies as a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code, whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization had no unrelated business income in the years ended March 31, 2014 and 2013. Accordingly, no provision for income taxes is required. Tax years 2011 – 2015 are currently open for examination by taxing authorities.

Foreign Currency Exchange and Translation

The Organization's foreign operations are primarily conducted in Indian rupees. Generally foreign currency exchange transactions which are converted to U. S. dollars result in a gain or loss that is recognized at the point of conversion within the financial statements.

All assets, liabilities and net assets of the foreign operations are valued in U. S. dollars as of March 31, 2014 and 2013, which generally results in an immaterial foreign currency translation adjustment applied directly to net assets within the financial statements.

AGAPE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through November 2, 2015, the date the financial statements were available to be issued.

NOTE 3 INVESTMENTS

The Organization maintains certain investment accounts. The future proceeds from these accounts are intended to support the operations of the Organization. The Organization's investment objective is the preservation of capital and moderate growth. Accordingly, these investments are comprised of highly liquid, low-risk instruments, including money market funds (Level 1) and mutual funds (Level 2). Realized and unrealized gains and losses are included in investment return, along with interest and dividends, in the statement of activities.

Mutual funds are valued based on the net asset values of the underlying funds. Due to the level of risk associated with equity securities, it is at least reasonably possible that changes in the fair value will occur in the near term, and that such changes could materially affect the amount reported in the statement of assets, liabilities, and net assets at March 31, 2014 and 2013. Investments consisted of the following as of March 31:

	2014		2013	
	Cost	Market	Cost	Market
Money Market Funds	\$ 450,163	\$ 450,163	\$ 644,982	\$ 644,982
Mutual Funds	<u>56,126</u>	<u>66,439</u>	<u>52,722</u>	<u>63,824</u>
	<u>\$ 506,289</u>	<u>\$ 516,602</u>	<u>\$ 697,704</u>	<u>\$ 708,806</u>

AGAPE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014 AND 2013

(Continued)

NOTE 4 PROPERTY AND EQUIPMENT

Property and Equipment consist of the following as of March 31, 2013 and 2012:

	2014	2013
Office Equipment	\$ 30,153	\$ 30,153
School Bus	25,000	25,000
Motor Vehicle	<u>22,209</u>	<u>22,209</u>
Total	77,362	77,362
Less: Accumulated Depreciation	<u>(63,881)</u>	<u>(57,850)</u>
Net Property and Equipment	<u>\$ 13,481</u>	<u>\$ 19,512</u>

NOTE 5 FOREIGN OPERATIONS

The Organization operates orphanages in India in accordance with its mission of caring for children impacted by AIDS. Foreign program services generated expenditures equivalent to \$251,064.