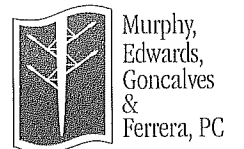


**AGAPE INTERNATIONAL, INC.**

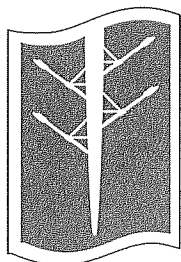
**FINANCIAL STATEMENTS**

**MARCH 31, 2011 AND 2010**



**AGAPE INTERNATIONAL, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2011 AND 2010**

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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.  
Ashland, Massachusetts 01721

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, 2011 and 2010, 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 accounting principles generally accepted in the United State of America 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 with accounting principles generally accepted in the United States of America.

*Murphy, Edwards, Goncalves & Ferrera, PC*

Southborough, MA  
August 8, 2012

AGAPE INTERNATIONAL, INC.

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS

FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

	2011	2010
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	<u>\$ 198,817</u>	<u>\$ 451,594</u>
<b>PROPERTY AND EQUIPMENT, NET</b> (Notes 2 and 4)	<u>4,462</u>	<u>-</u>
<b>OTHER ASSETS:</b>		
Security Deposits	19,100	19,100
Investments (Note 3 and 5)	<u>770,998</u>	<u>459,996</u>
Total Other Assets	<u>790,098</u>	<u>479,096</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 993,377</u></u>	<u><u>\$ 930,690</u></u>
<b>NET ASSETS</b>		
<b>UNRESTRICTED - NET ASSETS</b>	<u>\$ 993,377</u>	<u>\$ 930,690</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 993,377</u></u>	<u><u>\$ 930,690</u></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, 2011 AND 2010

	2011	2010
<b>SUPPORT AND REVENUE:</b>		
Contributions	\$ 377,951	\$ 371,833
Program Services	-	30,063
Special Events, Net	14,273	88,259
Investment Income	1,131	5,594
Net Unrealized Gain	25,166	29,847
Net Realized Gain (Loss)	<u>(22,795)</u>	<u>1,563</u>
Total Support	<u>395,726</u>	<u>527,159</u>
<b>FUNCTIONAL EXPENSES:</b>		
<b>Program Services:</b>		
Orphanages	160,100	140,519
Education	80,574	51,363
Medical Clinics	<u>34,870</u>	<u>53,154</u>
Total Program Services	<u>275,544</u>	<u>245,036</u>
<b>Support Services:</b>		
Administrative	45,530	19,987
Fundraising	<u>11,965</u>	<u>15,179</u>
Total Support Services	<u>57,495</u>	<u>35,166</u>
Total Functional Expenses	<u>333,039</u>	<u>280,202</u>
<b>INCREASE IN NET ASSETS</b>	62,687	246,957
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>930,690</u>	<u>683,733</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 993,377</u></u>	<u><u>\$ 930,690</u></u>

*See Accompanying Notes and Accountants' Review Report*

AGAPE INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in Net Assets	\$ 62,687	\$ 246,957
Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:		
Depreciation	1,116	-
Net Realized Gain on Investments	22,795	(1,563)
Unrealized (Gain) Loss on Investments	<u>(25,166)</u>	<u>(29,847)</u>
Net Cash Provided by Operating Activities	<u>61,432</u>	<u>215,547</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital Expenditures	(5,578)	-
Purchase of Securities	<u>(308,631)</u>	<u>(24,694)</u>
Net Cash Used by Investing Activities	<u>(314,209)</u>	<u>(24,694)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(252,777)	190,853
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>451,594</u>	<u>260,741</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 198,817</u>	<u>\$ 451,594</u>

*See Accompanying Notes and Independent Accountants' Review Report*

**AGAPE INTERNATIONAL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2011 AND 2010**

**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 three orphanages located in Hyderabad, a city in South Central India. 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 Organization maintains its accounting records and prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the cash basis of accounting public support and revenues are recognized when received and expenses are recognized when paid.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**AGAPE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2011 AND 2010**

(Continued)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. All contributions received are classified as unrestricted if the donor restrictions are met in the same annual reporting period. For the years ended March 31, 2011 and 2010, all contributions were unrestricted.

**Donated Services**

The Organization receives some contributed services from individuals in carrying out some of its operations. The value of these services is not reflected in the financial statements because the contributed services do not meet the recognition criteria under FASB ASC 958-605-50-1.

**Income Taxes**

The Organization is exempt from income taxes pursuant to Section 501(c)(3) of the U.S. Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(A) of the Code.

Under FASB ASC 740-10, an organization should recognize the tax benefit associated with uncertain tax positions taken for tax return purposes only when it is more likely than not the position will be sustained. The implementation of the financial accounting standard had no impact on Agape International Inc.'s financial statements. Management does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits, interest or penalties. Fiscal years 2009 – 2011 are currently open for examination by taxing authorities.



AGAPE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

(Continued)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

Management has evaluated subsequent events through August 8, 2012, the date the financial statements were available to be issued.

**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, or if donated, at the approximate fair market value at the date of the donation. Depreciation expense is computed using various methods, including the straight line method over the estimated useful lives of the related assets. Depreciation expense is \$1,116 and \$0 for the years ended March 31, 2011 and 2010, respectively.

**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, 2011, which generally results in a foreign currency translation adjustment applied directly to net assets within the financial statements.

The foreign currency was stable for the year ended March 31, 2011 and had no material gain or loss on exchange or translation, so therefore, no gain or loss was recognized.

AGAPE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

(Continued)

**NOTE 3 INVESTMENTS**

Investments are valued at market in accordance with the provisions of the Financial Accounting Standards Board Accounting Standards Codification 958-320.

Investments in equity securities with readily determinable fair values are reported at their fair value based on quoted market prices in the statement of financial position. Investment in certificates of deposit are reported at surrender value, which approximates fair value. Realized and unrealized gains and losses are included in investment return, along with interest and dividends, in the statement of activities.

Investments consisted of the following as of March 31, 2011 and 2010:

	2011		2010	
	Cost	Market	Cost	Market
Money Market Funds	\$ 714,696	\$ 714,696	\$355,942	\$ 355,942
Stocks	-	-	14,480	12,768
Mutual Funds	<u>50,630</u>	<u>56,302</u>	<u>109,068</u>	<u>91,286</u>
	<u>\$ 765,326</u>	<u>\$ 770,998</u>	<u>\$479,490</u>	<u>\$459,996</u>

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and Equipment consist of the following as of March 31, 2011:

Office Equipment	\$ 5,578
School Bus	25,000
Motor Vehicle	<u>22,209</u>
Total	52,787
Less: Accumulated Depreciation	<u>( 48,325 )</u>
Net Property and Equipment	<u>\$ 4,462</u>

**AGAPE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2011 AND 2010**

(Continued)

**NOTE 5 FAIR VALUE**

In accordance with Financial Accounting Standards Board ASC 820-10, the Council measures its investments at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy consists of three-broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices for identical or similar assets in inactive markets, and Level 3 inputs have the lowest priority. The inputs and methodology used for valuing the Council's investments are not indicators of the risks associated with those instruments. The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of March 31, 2011:

<b>Description</b>	<b>2011</b>	<b>2010</b>
Level 1: Quoted Prices	<u>\$770,998</u>	<u>\$459,996</u>