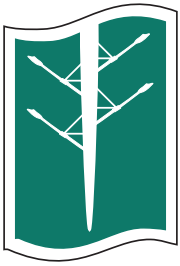


AGAPE INTERNATIONAL, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

AGAPE INTERNATIONAL, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

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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 financial statements of Agape International, Inc. (a non-profit organization) which comprise the statements of assets, liabilities and net assets – modified cash basis as of March 31, 2017 and 2016, and the related statements of statements of support, revenue and expenses – modified cash basis, statements of functional expenses-modified cash basis, and cash flows – modified cash basis for the years 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, we 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 the modified cash basis of accounting; 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.

Accountants' Responsibility

Our 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 us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, 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 the modified cash basis of accounting.

Murphy, Edwards, Goncalves & Ferrera, PC

Southborough, Massachusetts
September 25, 2018

AGAPE INTERNATIONAL, INC.

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

AS OF MARCH 31, 2017 AND 2016

ASSETS

| | 2017 | 2016 |
|--|--------------------------|--------------------------|
| CURRENT ASSETS: | | |
| Cash (Note 2) | \$ 376,799 | \$ 410,340 |
| Total Current Assets | <u>376,799</u> | <u>410,340</u> |
| PROPERTY AND EQUIPMENT, NET (Notes 2 and 4) | <u>-</u> | <u>2,537</u> |
| OTHER ASSETS: | | |
| Security Deposits | 8,236 | 6,015 |
| Investments (Note 3) | 542,752 | 527,987 |
| Total Other Assets | <u>550,988</u> | <u>534,002</u> |
| TOTAL ASSETS | <u><u>\$ 927,787</u></u> | <u><u>\$ 946,879</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|---|--------------------------|--------------------------|
| CURRENT LIABILITIES: | | |
| Accrued Expenses | \$ 4,131 | \$ 150 |
| Total Current Liabilities | <u>4,131</u> | <u>150</u> |
| UNRESTRICTED NET ASSETS (Note 2) | <u>923,656</u> | <u>946,729</u> |
| TOTAL NET ASSETS | <u><u>\$ 927,787</u></u> | <u><u>\$ 946,879</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, 2017 AND 2016

| | 2017 | 2016 |
|--|-------------|-------------|
| UNRESTRICTED SUPPORT AND REVENUE: | | |
| Contributions | \$ 313,748 | \$ 273,861 |
| Special Events, Net | 6,291 | 77,572 |
| Investment Income | 2,568 | 2,447 |
| Net Unrealized Gain (Loss) | 5,270 | (3,682) |
| Total Support and Revenue | 327,877 | 350,198 |
| FUNCTIONAL EXPENSES (Note 2): | | |
| Program Services: | | |
| Orphanages | 137,140 | 146,375 |
| Education | 123,513 | 129,030 |
| Medical Clinics | 16,676 | 13,321 |
| Total Program Services | 277,329 | 288,726 |
| Support Services: | | |
| Administrative | 47,156 | 42,559 |
| Fundraising | 26,465 | 34,758 |
| Total Support Services | 73,621 | 77,317 |
| Total Functional Expenses | 350,950 | 366,043 |
| DECREASE IN NET ASSETS | (23,073) | (15,845) |
| UNRESTRICTED NET ASSETS - BEGINNING OF YEAR | 946,729 | 962,574 |
| UNRESTRICTED NET ASSETS - END OF YEAR | \$ 923,656 | \$ 946,729 |

See Accompanying Notes and Independent Accountants' Review Report

AGAPE INTERNATIONAL, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

| | Orphanage | Education | Medical Clinics | Total Program Services | Adminstrative | Fund Raising | Total 2017 | Total 2016 |
|----------------------------------|-------------------|-------------------|----------------------------|---------------------------------------|----------------------|-------------------------|-----------------------|-----------------------|
| Salaries and Wages | \$ 30,000 | \$ 30,000 | \$ 7,500 | \$ 67,500 | \$ 13,654 | \$ 12,533 | \$ 93,687 | \$ 109,500 |
| Payroll Taxes | 2,395 | 2,395 | 625 | 5,415 | 1,144 | 976 | 7,535 | 8,888 |
| Employee Benefits | 8,386 | 8,386 | 2,071 | 18,843 | 5,076 | 1,074 | 24,993 | 26,030 |
| Total Payroll & Related Expenses | <u>40,781</u> | <u>40,781</u> | <u>10,196</u> | <u>91,758</u> | <u>19,874</u> | <u>14,583</u> | <u>126,215</u> | <u>144,418</u> |
| Accounting | - | - | - | - | 2,925 | - | 2,925 | 2,995 |
| Depreciation | - | 2,537 | - | 2,537 | - | - | 2,537 | 4,915 |
| Office Expenses | - | - | - | - | 11,530 | - | 11,530 | 11,834 |
| Insurance | - | - | - | - | - | - | - | 1,505 |
| Program Expenses | 96,359 | 80,195 | 6,480 | 183,034 | - | - | 183,034 | 189,636 |
| Travel | - | - | - | - | - | 3,759 | 3,759 | 2,437 |
| Fees and Charges | - | - | - | - | 3,219 | - | 3,219 | 3,016 |
| Postage, Printing and Supplies | - | - | - | - | 8,338 | 8,123 | 16,461 | 3,681 |
| Adminstrative - Other | - | - | - | - | 1,270 | - | 1,270 | 1,606 |
| Total Functional Expenses | <u>\$ 137,140</u> | <u>\$ 123,513</u> | <u>\$ 16,676</u> | <u>\$ 277,329</u> | <u>\$ 47,156</u> | <u>\$ 26,465</u> | <u>\$ 350,950</u> | <u>\$ 366,043</u> |

See Accompanying Notes and Independent Accountants' Review Report

AGAPE INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

| | 2017 | 2016 |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Decrease in Net Assets | \$ (23,073) | \$ (15,845) |
| Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities: | | |
| Depreciation | 2,537 | 4,915 |
| Unrealized (Gain) Loss on Investments | (5,270) | 3,682 |
| Donated Stock | 6,928 | 5,031 |
| Sale of Donated Securities | (6,928) | (5,031) |
| Changes in Assets and Liabilities: | | |
| Security Deposits | (2,221) | - |
| Accrued Expenses | 3,981 | - |
| Net Cash Used by Operating Activities | <u>(24,046)</u> | <u>(7,248)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Sale (Purchase) of Securities, Net | <u>(9,495)</u> | <u>(7,479)</u> |
| Net Cash Used by Investing Activities | <u>(9,495)</u> | <u>(7,479)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (33,541) | (14,727) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>410,340</u> | <u>425,067</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u><u>\$ 376,799</u></u> | <u><u>\$ 410,340</u></u> |

See Accompanying Notes and Independent Accountants' Review Report

AGAPE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Agape International, Inc. (the Organization) is a nonprofit organization in 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 or loss reflected in the statements of support, 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, 2017 AND 2016

(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 \$2,537 and \$4,915 for the years ended March 31, 2017 and 2016.

Fair Value Measurements

Assets and liabilities measured at fair value are categorized within the fair value hierarchy 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, 2017 AND 2016

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Support and revenue, including investment income, 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, 2017 and 2016. Accordingly, no provision for income taxes is required. Tax years 2014 – 2017 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, 2017 and 2016, 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, 2017 AND 2016

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through September 25, 2018, the date the financial statements were available to be issued. No significant subsequent events have been identified by management.

NOTE 3 INVESTMENTS

The Organization maintains an investment account. The future proceeds from this account is 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 and mutual funds, which are categorized as Level 1 within the fair value hierarchy. Realized and unrealized gains and losses are included in investment return, along with interest and dividends, in the statement of support, revenue and expenses – modified cash basis.

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, 2017 and 2016. Investments consisted of the following as of March 31:

| | 2017 | | 2016 | |
|--------------------|-------------------|-------------------|-------------------|-------------------|
| | Market | Cost | Market | Cost |
| Money Market Funds | \$ 468,044 | \$ 468,044 | \$ 460,846 | \$ 460,846 |
| Mutual Funds | <u>74,708</u> | <u>64,024</u> | <u>67,141</u> | <u>61,726</u> |
| | <u>\$ 542,752</u> | <u>\$ 532,068</u> | <u>\$ 527,987</u> | <u>\$ 522,572</u> |

AGAPE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017 AND 2016

(Continued)

NOTE 4 PROPERTY AND EQUIPMENT

Property and Equipment consist of the following as of March 31, 2017 and 2016:

| | 2017 | 2016 |
|--------------------------------|-------------------|-------------------|
| 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>(77,362)</u> | <u>(74,825)</u> |
| Net Property and Equipment | <u>\$ -</u> | <u>\$ 2,537</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 \$277,329 and \$288,726, and revenue equivalent to \$20,812 and \$9,538 for the years ended March 31, 2017 and 2016, respectively. Program expenditures consist of expenses paid for services provided in India, including payroll, occupancy, and other costs.

NOTE 6 CONCENTRATIONS

The Organization had two fundraising events during the year ended March 31, 2016 in Chicago and in Boston. The events comprised 22% of the Organization's support and revenue for that year.

Two donors comprised 28% of the total support and revenue for the year ended March 31, 2016, and 24% for the year ended March 31, 2017.

All of the Organization's charitable programs are for children orphaned by AIDS in India.

AGAPE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017 AND 2016

(Continued)

NOTE 7 IN-KIND SERVICES

For the year ended March 31, 2017, financial and administrative services were provided by a volunteer on a regular basis beginning in October 2016. Prior to October 2016, the Organization had compensated personnel for these services. The value of financial and administrative services that were provided on an in-kind basis are not reflected in these financial statements.