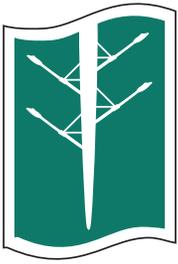


AGAPE INTERNATIONAL, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED MARCH 31, 2018

AGAPE INTERNATIONAL, INC.
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FOR THE YEAR ENDED MARCH 31, 2018

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Murphy,
Edwards,
Goncalves
&
Ferrera, PC

*Certified Public Accountants
and Business Advisors*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Agape International, Inc.

We have audited the accompanying financial statements of Agape International, Inc. (a non-profit organization) which comprise the statement of assets, liabilities and net assets – modified cash basis as of March 31, 2018, and the related statements of support, revenue and expenses – modified cash basis, functional expenses-modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

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 as described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT

(Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Agape International, Inc. as of March 31, 2018, and its support, revenue and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 2.

Prior Period Financial Statements

The 2017 financial statements were reviewed by us, and our report thereon, dated September 25, 2018, stated that we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with the cash basis of accounting. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Report on Summarized Comparative Information

We have previously reviewed the Agape International, Inc. 2017 financial statements, and, based on our review report dated September 25, 2018, we are not aware of any material modifications that should be made to those financial statements. The summarized comparative information presented as of and for the year ended March 31, 2017, is consistent in all material respects, with the financial statements from which it has been derived.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Murphy, Edwards, Moncalves & Ferrera, PC

Southborough, Massachusetts
September 11, 2019

AGAPE INTERNATIONAL, INC.

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

AS OF MARCH 31, 2018

(With Comparative Totals as of March 31, 2017)

	Audited 2018	Reviewed 2017
ASSETS		
CURRENT ASSETS:		
Cash (Note 2)	\$ 632,026	\$ 376,799
Total Current Assets	632,026	376,799
PROPERTY AND EQUIPMENT, NET (Notes 2 and 4)	34,891	-
OTHER ASSETS:		
Security Deposits	7,953	8,236
Investments (Notes 2 and 3)	654,877	542,752
Total Other Assets	662,830	550,988
TOTAL ASSETS	\$ 1,329,747	\$ 927,787
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Payroll and Credit Card Liabilities	\$ 3,596	\$ 4,131
Total Current Liabilities	3,596	4,131
NET ASSETS (Note 2):		
Unrestricted Net Assets	1,191,626	923,656
Temporarily Restricted Net Assets (Note 5)	134,525	-
Total Net Assets	1,326,151	923,656
TOTAL LIABILITIES AND NET ASSETS	\$ 1,329,747	\$ 927,787

See Accompanying Notes and Independent Auditors' Report

AGAPE INTERNATIONAL, INC.

STATEMENT OF SUPPORT, REVENUE AND EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED MARCH 31, 2018

(With Comparative Totals for the Year Ended March 31, 2017)

	Unrestricted	Temporarily Restricted	Audited 2018	Reviewed 2017
SUPPORT AND REVENUE (Note 2):				
Contributions (Notes 2 and 7)	\$ 639,806	\$ 134,525	\$ 774,331	\$ 313,748
In-Kind Contributions (Note 2)	20,126	-	20,126	-
Special Events, Net	7,093	-	7,093	6,291
Investment Return (Note 3)	12,920	-	12,920	7,838
Total Support and Revenue	<u>679,945</u>	<u>134,525</u>	<u>814,470</u>	<u>327,877</u>
FUNCTIONAL EXPENSES (Note 2):				
Program Services:				
Orphanages	148,911	-	148,911	137,140
Education	142,375	-	142,375	123,513
Medical Clinics	45,078	-	45,078	16,676
Total Program Services	<u>336,364</u>	<u>-</u>	<u>336,364</u>	<u>277,329</u>
Support Services:				
Management & General	43,227	-	43,227	47,156
Fundraising	32,384	-	32,384	26,465
Total Support Services	<u>75,611</u>	<u>-</u>	<u>75,611</u>	<u>73,621</u>
Total Functional Expenses	<u>411,975</u>	<u>-</u>	<u>411,975</u>	<u>350,950</u>
INCREASE (DECREASE) IN NET ASSETS	267,970	134,525	402,495	(23,073)
NET ASSETS - BEGINNING OF YEAR	<u>923,656</u>	<u>-</u>	<u>923,656</u>	<u>946,729</u>
NET ASSETS - END OF YEAR	<u>\$ 1,191,626</u>	<u>\$ 134,525</u>	<u>\$ 1,326,151</u>	<u>\$ 923,656</u>

See Accompanying Notes and Independent Auditors' Report

AGAPE INTERNATIONAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED MARCH 31, 2018

(With Comparative Totals for the Year Ended March 31, 2017)

	<u>Program Services</u>				Total	Management & General	Fund Raising	Audited Total 2018	Reviewed Total 2017
	Orphanages	Education	Medical Clinics	Program Services					
Salaries and Wages	\$ 49,756	\$ 63,233	\$ 10,180	\$ 123,169	\$ 16,486	\$ 5,402	\$ 145,057	\$ 157,637	
Payroll Taxes	2,295	2,295	574	5,164	287	287	5,738	7,535	
Employee Benefits	11,303	13,149	3,087	27,539	1,543	1,543	30,625	24,993	
Total Payroll & Related Expenses	63,354	78,677	13,841	155,872	18,316	7,232	181,420	190,165	
Program Expenses (Notes 6 and 8)	84,695	55,576	10,668	150,939	-	-	150,939	105,006	
In-Kind Expense (Note 2)	-	-	20,126	20,126	-	-	20,126	-	
Donor Development	-	-	-	-	-	14,208	14,208	3,714	
Bank Fees & Charges	-	-	-	-	10,319	-	10,319	3,361	
Travel & Transportation	-	2,829	443	3,272	-	4,560	7,832	6,218	
Office & Technology Expenses	862	-	-	862	4,273	-	5,135	14,273	
Postage, Printing & Supplies	-	-	-	-	599	6,384	6,983	20,446	
Professional Fees	-	-	-	-	6,747	-	6,747	4,453	
Depreciation (Note 2)	-	5,293	-	5,293	-	-	5,293	2,537	
Insurance	-	-	-	-	1,575	-	1,575	777	
Miscellaneous Expense	-	-	-	-	1,398	-	1,398	-	
Total Functional Expenses	<u>\$ 148,911</u>	<u>\$ 142,375</u>	<u>\$ 45,078</u>	<u>\$ 336,364</u>	<u>\$ 43,227</u>	<u>\$ 32,384</u>	<u>\$ 411,975</u>	<u>\$ 350,950</u>	

See Accompanying Notes and Independent Auditors' Report

AGAPE INTERNATIONAL, INC.

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

FOR THE YEAR ENDED MARCH 31, 2018

(With Comparative Totals for the Year Ended March 31, 2017)

	Audited 2018	Reviewed 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ 402,495	\$ (23,073)
Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:		
Depreciation	5,293	2,537
Realized Gains on Investments, Net	(1,772)	-
Unrealized Gains on Investments, Net	(7,149)	(5,270)
Donated Stock	98,916	6,928
Sale of Donated Securities	(100,214)	(6,928)
Changes in Assets and Liabilities:		
Security Deposits	283	(2,221)
Accrued Expenses	(536)	3,981
Net Cash Provided (Used) by Operating Activities	<u>397,316</u>	<u>(24,046)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(35,935)	-
Sales of Investments	5,494	-
Purchase of Investments	(111,648)	(9,495)
Net Cash Used by Investing Activities	<u>(142,089)</u>	<u>(9,495)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	255,227	(33,541)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>376,799</u>	<u>410,340</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 632,026</u></u>	<u><u>\$ 376,799</u></u>

See Accompanying Notes and Independent Auditors' Report

AGAPE INTERNATIONAL, INC
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Agape International, Inc. (the Organization) is a nonprofit corporation organized in Massachusetts. The Organization cares for children in India orphaned as a result of AIDS. Currently there are eight orphanages caring for more than 200 children. The primary revenue sources are donations from individuals.

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, 2018

(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.

Reclassification of Financial Statement Presentation

Certain reclassifications have been made to the prior year financial statements relative to investment return to conform to the current year presentation. In addition, the statement of functional expense has been reclassified to conform to the current year presentation. Such reclassifications have had no effect on the change in net assets as previously reported.

Summarized Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a fully comparative presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the financial statements for the prior year, from which the summarized totals were derived.

AGAPE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 consist of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs consist of direct and indirect market-observable inputs for measuring the asset or liability other than quoted prices included within Level 1. Level 3 inputs consist of unobservable inputs which require significant judgement or estimation. A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The inputs and methodology used for valuing the Organization's investments are not indicators of the risks associated with those investments.

Property and Equipment

Property and equipment is stated at cost at the date of acquisition or fair value at the date of gift. Assets are capitalized if they are expected to have a useful life of greater than one year and their cost of acquisition exceeds five thousand dollars.

Depreciation expense is provided on a straight-line basis over the estimated useful life of the asset, which is generally five to seven years. Depreciation expense for the years ending March 31, 2018 and 2017 is \$5,301 and \$2,537, respectively. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is recognized in the statement of activities for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

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.

AGAPE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services

Donated goods are recognized as in-kind contributions at the fair value of those items at the date of gift. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) required specialized skills, are performed by people with those skills and would otherwise be purchased. For the year ended March 31, 2018, donated goods of \$20,126 primarily consisted of medical equipment and supplies. The value of the donated goods is included in the financial statements as in-kind contribution and expense.

Agape International, Inc. relies heavily upon many volunteers for its programs and administrative support services. No value for these services is reflected in the financial statements.

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, 2018 and 2017. Accordingly, no provision for income taxes is required. Tax years 2015 – 2018 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, 2018 and 2017, 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, 2018

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through September 11, 2019, 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 intended to support the operations and long term needs of the Organization. The 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. 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, 2018 and 2017. Investments consisted of the following as of March 31:

2018				
Fair Value Measurement				
Description	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 576,357	\$ -	\$ -	\$ 576,357
Mutual Funds	<u>78,520</u>	<u>-</u>	<u>-</u>	<u>78,520</u>
Total Market Value	<u>\$ 654,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 654,877</u>

2017				
Fair Value Measurement				
Description	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 468,044	\$ -	\$ -	\$ 468,044
Mutual Funds	<u>74,708</u>	<u>-</u>	<u>-</u>	<u>74,708</u>
Total Market Value	<u>\$ 542,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 542,752</u>

AGAPE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(Continued)

NOTE 3 INVESTMENTS (Continued)

The Organization's return on investments is comprised as follows:

	2018	2017
Interest and Dividends	\$ 3,999	\$ 2,568
Realized Gains, Net	1,772	-
Unrealized Gains, Net	<u>7,149</u>	<u>5,270</u>
Total Investment Return	<u>\$ 12,920</u>	<u>\$ 7,838</u>

NOTE 4 PROPERTY AND EQUIPMENT

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

	2018	2017
Office Equipment	\$ 30,153	\$ 30,153
School Bus	25,000	25,000
Motor Vehicles	<u>44,433</u>	<u>22,209</u>
Total	99,586	77,362
Less: Accumulated Depreciation	<u>(64,695)</u>	<u>(77,362)</u>
Property and Equipment, Net	<u>\$ 34,891</u>	<u>\$ -</u>

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

As of March 31, 2018, temporarily restricted net assets of \$134,525 were available for the purchase of land in India.

AGAPE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(Continued)

NOTE 6 FOREIGN OPERATIONS

The Organization operates orphanages in India in accordance with its mission of caring for children impacted by AIDS. Foreign program expenditures were \$336,364 and \$277,329, for the years ended March 31, 2018 and 2017, respectively. Revenues of \$21,479 and \$20,812 were generated in India for the years ended March 31, 2018 and 2017, respectively. Program expenditures consist of expenses paid for services provided in India, including payroll, occupancy, food, education, medical expenses and other costs.

NOTE 7 CONCENTRATIONS

Agape International, Inc. maintains its cash balances in various financial institutions. The amount insured by the Federal Deposit Insurance Corporation is \$250,000 per bank. At March 31, 2018 and 2017 the uninsured cash balance totaled \$330,248 and \$0, respectively.

Two donors comprised 31% and 24% of the total support and revenue for the years ended March 31, 2018 and 2017, respectively.

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

NOTE 8 LEASES

The Organization has multiple leases with various property owners to rent land and buildings in Hyderabad, India for its orphanages, school and medical clinic. All of these leases have rental terms that do not extend beyond one year of the year end date of these financial statements. The expense associated with these leases is estimated to be \$31,973 and \$36,526 for the years ended March 31, 2018 and 2017, respectively, and are included in program expenses.