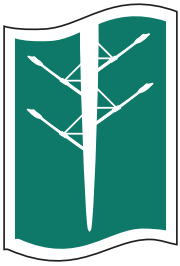


**AGAPE INTERNATIONAL, INC.**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**AGAPE INTERNATIONAL, INC.**  
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**FOR THE YEAR ENDED MARCH 31, 2019**

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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, 2019, 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, 2019, and its support, revenue and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 2.

### Report on Summarized Comparative Information

We have previously audited the Agape International, Inc. 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018, is consistent in all material respects, with the audited 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, Goncalves & Ferreira, PC*

Southborough, Massachusetts  
September 27, 2019

**AGAPE INTERNATIONAL, INC.**

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

**AS OF MARCH 31, 2019**

(With Comparative Totals as of March 31, 2018)

**ASSETS**

	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS:</b>		
Cash (Note 2)	\$ 748,617	\$ 632,026
Total Current Assets	<u>748,617</u>	<u>632,026</u>
<b>PROPERTY AND EQUIPMENT, NET</b> (Notes 2 and 5)	<u>26,004</u>	<u>34,891</u>
<b>OTHER ASSETS:</b>		
Security Deposits	7,102	7,953
Investments (Notes 2 and 4)	<u>672,272</u>	<u>654,877</u>
Total Other Assets	<u>679,374</u>	<u>662,830</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,453,995</u></u>	<u><u>\$1,329,747</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Payroll and Credit Card Liabilities	<u>4,734</u>	<u>3,596</u>
Total Current Liabilities	<u>4,734</u>	<u>3,596</u>
<b>NET ASSETS:</b>		
Net Assets Without Donor Restrictions (Note 2)	1,314,736	1,191,626
Net Assets With Donor Restrictions (Notes 2 and 6)	<u>134,525</u>	<u>134,525</u>
Total Net Assets	<u>1,449,261</u>	<u>1,326,151</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,453,995</u></u>	<u><u>\$1,329,747</u></u>

*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, 2019**

(With Comparative Totals for the Year Ended March 31, 2018)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2019</b>	<b>Total 2018</b>
<b>SUPPORT AND REVENUE (Note 2):</b>				
Contributions (Notes 2 and 8)	\$ 503,938	\$ -	\$ 503,938	\$ 774,331
In-Kind Contributions (Note 2)	625	-	625	20,126
Special Event Revenue (Note 2)	36,371	-	36,371	16,622
Investment Return (Note 4)	17,395	-	17,395	12,920
Other Gain (Loss) (Note 2)	(2,931)	-	(2,931)	-
Total Support and Revenue	555,398	-	555,398	823,999
<b>FUNCTIONAL EXPENSES (Note 2):</b>				
<b>Program Services:</b>				
Orphanages	158,345	-	158,345	148,911
Education	137,318	-	137,318	142,375
Medical Clinics	14,845	-	14,845	45,078
Total Program Services	310,508	-	310,508	336,364
<b>Support Services:</b>				
Management & General	48,220	-	48,220	43,227
Fundraising	73,560	-	73,560	41,913
Total Support Services	121,780	-	121,780	85,140
Total Functional Expenses	432,288	-	432,288	421,504
<b>INCREASE IN NET ASSETS</b>	123,110	-	123,110	402,495
<b>NET ASSETS - BEGINNING OF YEAR</b>	1,191,626	134,525	1,326,151	923,656
<b>NET ASSETS - END OF YEAR</b>	\$ 1,314,736	\$ 134,525	\$ 1,449,261	\$ 1,326,151

*See Accompanying Notes and Independent Auditors' Report*

AGAPE INTERNATIONAL, INC.

**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**

**FOR THE YEAR ENDED MARCH 31, 2019**

(With Comparative Totals for the Year Ended March 31, 2018)

	Program Services			Total	Management & General	Fund Raising	Total 2019	Total 2018
	Orphanage	Education	Medical Clinics					
Salaries and Wages	\$ 69,594	\$ 71,904	\$ 8,530	\$ 150,028	\$ 17,113	\$ 4,249	\$ 171,390	\$ 145,057
Payroll Taxes	2,258	2,393	598	5,249	299	299	5,847	5,738
Employee Benefits	8,536	6,967	1,742	17,245	871	871	18,987	30,625
Total Payroll & Related Expenses	80,388	81,264	10,870	172,522	18,283	5,419	196,224	181,420
Program Expenses (Notes 7, 8 and 9)	76,827	42,213	3,975	123,015	-	-	123,015	150,939
Special Event Expenses (Note 2)	-	-	-	-	-	42,225	42,225	9,529
Donor Development	-	-	-	-	-	14,229	14,229	14,208
Travel & Transportation	1,130	4,954	-	6,084	-	7,522	13,606	7,832
Office & Technology Expenses	-	-	-	-	11,896	-	11,896	5,135
Depreciation (Note 2)	-	8,887	-	8,887	-	-	8,887	5,293
Professional Fees	-	-	-	-	8,109	-	8,109	6,747
Bank Fees & Charges	-	-	-	-	5,686	-	5,686	10,319
Postage, Printing & Supplies	-	-	-	-	-	4,165	4,165	6,983
Miscellaneous Expense	-	-	-	-	2,646	-	2,646	1,398
Insurance	-	-	-	-	1,600	-	1,600	1,575
In-Kind Expense (Note 2)	-	-	-	-	-	-	-	20,126
Total Functional Expenses	\$ 158,345	\$ 137,318	\$ 14,845	\$ 310,508	\$ 48,220	\$ 73,560	\$ 432,288	\$ 421,504

*See Accompanying Notes and Independent Auditor's Report*

**AGAPE INTERNATIONAL, INC.**

**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**

**FOR THE YEAR ENDED MARCH 31, 2019**

(With Comparative Totals for the Year Ended March 31, 2018)

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in Net Assets	\$ 123,110	\$ 402,495
Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:		
Depreciation	8,887	5,293
Realized (Gain) Loss on Investments, Net	(4,280)	(1,772)
Unrealized (Gain) Loss on Investments and Foreign Exchange, Net	(326)	(7,149)
Donated Stock	(5,479)	98,916
Sale of Donated Securities	5,362	(100,214)
Changes in Assets and Liabilities:		
Security Deposits	851	283
Accrued Expenses	1,138	(536)
Net Cash Provided by Operating Activities	<u>129,263</u>	<u>397,316</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	-	(35,935)
Sales of Investments	-	5,494
Purchase of Investments	<u>(12,672)</u>	<u>(111,648)</u>
Net Cash Used by Investing Activities	<u>(12,672)</u>	<u>(142,089)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	116,591	255,227
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>632,026</u>	<u>376,799</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 748,617</u></u>	<u><u>\$ 632,026</u></u>

*See Accompanying Notes and Independent Auditors' Report*



**AGAPE INTERNATIONAL, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**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 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 two net asset classes: net assets without donor restrictions and net assets with donor restrictions. A description of the net asset classes is as follows:

**Without Donor Restrictions**

Net assets without donor restrictions represent available resources that are not subject to donor-imposed restrictions. Net assets without donor restriction may be designated for specific purposes by action of the Board of Directors.

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

**MARCH 31, 2019**

(Continued)

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

**Basis of Presentation (Continued)**

**With Donor Restrictions**

Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time or which are subject to donor-imposed restrictions such that they be maintained permanently by the Organization.

**Recent Accounting Pronouncements**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU changes the terminology used to describe net assets to *net assets with donor restrictions and net assets without donor restrictions*. Not-for profits are also required to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. In addition, new disclosures are required to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. The Organization adopted the provisions of the new ASU during the fiscal year ended March 31, 2019 and has retrospectively applied the standards to the year ended March 31, 2018. The retrospective application had no effect on the fiscal year 2018 change in net assets.

**Reclassification of Financial Statement Presentation**

Certain reclassifications were made to the prior year financial statements relative to special event revenues and expenses to conform to the current year presentation. Such reclassifications have had no effect on the change in net assets as previously reported.

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

**MARCH 31, 2019**

(Continued)

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

**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.

**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.

**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 investments are not indicators of the risks associated with those investments.

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

**MARCH 31, 2019**

(Continued)

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

**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, 2019 and 2018 is \$8,887 and \$5,293, 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 net assets without donor restriction, 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 net assets with donor restriction in accordance with the restriction.

**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 years ended March 31, 2019 and 2018, donated goods 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.

**AGAPE INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

(Continued)

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

**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, 2019 and 2018. Accordingly, no provision for income taxes is required. Tax years 2016 – 2019 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, 2019 and 2018, which generally results in an immaterial foreign currency translation adjustment which is recorded as other gain or loss within the financial statements.

**Subsequent Events**

Management has evaluated subsequent events through September 27, 2019, the date the financial statements were available to be issued. No significant subsequent events have been identified by management.

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

**MARCH 31, 2019**

(Continued)

**NOTE 3 LIQUIDITY AND AVAILABILITY OF FUNDS**

The Organization has a policy to manage its liquidity and reserves following two principle guidelines, which include operating within a prudent range of financial stability, and maintaining adequate liquidity to fund near-term operations. The financial assets available to meet cash needs for general expenditures are outlined below for the years end March 31:

	<b>2019</b>	<b>2018</b>
Cash and Cash Equivalents	\$ 748,617	\$ 632,026
Investments	<u>672,272</u>	<u>654,877</u>
Total Financial Assets	1,420,889	1,286,903
Less Imposed Restrictions:		
Funds Restricted for Land Purchase in India	<u>(134,525)</u>	<u>(134,525)</u>
Total Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 1,286,364</u>	<u>\$ 1,152,378</u>

**NOTE 4 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, 2019 and 2018. Investments consisted of the following as of March 31:

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

**MARCH 31, 2019**

(Continued)

**NOTE 4 INVESTMENTS (Continued)**

<b>Description</b>	<b>2019</b>			<b>Total</b>
	<b>Fair Value Measurement</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Money Market Funds	\$ 590,423	\$ -	\$ -	\$ 590,423
Mutual Funds	<u>81,849</u>	<u>-</u>	<u>-</u>	<u>81,849</u>
Total Market Value	<u>\$ 672,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 672,272</u>

<b>Description</b>	<b>2018</b>			<b>Total</b>
	<b>Fair Value Measurement</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
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>

**NOTE 5 PROPERTY AND EQUIPMENT**

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

	<b>2019</b>	<b>2018</b>
Office Equipment	\$ 30,153	\$ 30,153
School Bus	25,000	25,000
Motor Vehicles	<u>44,433</u>	<u>44,433</u>
Total	99,586	99,586
Less: Accumulated Depreciation	<u>(73,582)</u>	<u>(64,695)</u>
Property and Equipment, Net	<u>\$ 26,004</u>	<u>\$ 34,891</u>

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

As of March 31, 2019 and 2018, net assets with donor restrictions of \$134,525 were available for the purchase of land in India. These funds are included with investments until the Organization is able to meet the restriction.

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

**MARCH 31, 2019**

(Continued)

**NOTE 7 FOREIGN OPERATIONS**

The Organization operates orphanages in India in accordance with its mission of caring for children impacted by AIDS. Foreign program expenditures were \$310,508 and \$336,364, for the years ended March 31, 2019 and 2018, respectively. Revenues of \$27,748 and \$21,479 were generated in India for the years ended March 31, 2019 and 2018, respectively. Program expenditures consist of expenses paid for services provided in India, including salaries, occupancy, food, education, medical expenses and other costs.

**NOTE 8 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, 2019 and 2018, the uninsured cash balance totaled \$181,814 and \$330,248, respectively.

Two donors comprised 31% of the total support and revenue for the year ended March 31, 2018. No concentration in support and revenue was noted for the year ended March 31, 2019.

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

**NOTE 9 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 \$31,437 and \$31,973 for the years ended March 31, 2018 and 2017, respectively, and are included in program expenses.