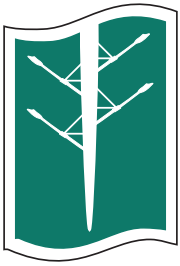


AGAPE AIDS ORPHAN CARE
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED MARCH 31, 2020

AGAPE AIDS ORPHAN CARE
CONTENTS
FOR THE YEAR ENDED MARCH 31, 2020

	PAGE(S)
Independent Auditors' Report	1 - 2
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis	3
Statement of Support, Revenue and Expenses – Modified Cash Basis	4
Statement of Functional Expenses – Modified Cash Basis	5
Statement of Cash Flows – Modified Cash Basis	6
Notes to Financial Statements	7 - 14



Murphy,
Edwards,
Goncalves
&
Ferrera, PC

*Certified Public Accountants
and Business Advisors*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Agape AIDS Orphan Care

We have audited the accompanying financial statements of Agape AIDS Orphan Care (a non-profit organization) which comprise the statement of assets, liabilities and net assets – modified cash basis as of March 31, 2020, 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 modified 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 AIDS Orphan Care as of March 31, 2020, and its support, revenue and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Report on Summarized Comparative Information

We have previously audited the Agape AIDS Orphan Care 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, 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 modified 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 & Ferrer, PC

Southborough, Massachusetts
January 12, 2021

AGAPE AIDS ORPHAN CARE

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

AS OF MARCH 31, 2020

(With Comparative Totals as of March 31, 2019)

ASSETS

	2020	2019
CURRENT ASSETS:		
Cash (Notes 2, 3 and 8)	\$ 973,368	\$ 748,617
Total Current Assets	<u>973,368</u>	<u>748,617</u>
PROPERTY AND EQUIPMENT, NET (Notes 2 and 5)	<u>17,967</u>	<u>26,004</u>
OTHER ASSETS:		
Security Deposits	6,528	7,102
Investments (Notes 2, 3, 4 and 6)	719,386	672,272
Total Other Assets	<u>725,914</u>	<u>679,374</u>
TOTAL ASSETS	<u><u>\$ 1,717,249</u></u>	<u><u>\$1,453,995</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Credit Card Liabilities	\$ 1,084	\$ 4,734
Total Current Liabilities	<u>1,084</u>	<u>4,734</u>
NET ASSETS:		
Net Assets Without Donor Restrictions (Note 2)	1,581,640	1,314,736
Net Assets With Donor Restrictions (Notes 2 and 6)	134,525	134,525
Total Net Assets	<u>1,716,165</u>	<u>1,449,261</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,717,249</u></u>	<u><u>\$1,453,995</u></u>

See Accompanying Notes and Independent Auditors' Report

AGAPE AIDS ORPHAN CARE

STATEMENT OF SUPPORT, REVENUE AND EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Totals for the Year Ended March 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
SUPPORT AND REVENUE (Note 2):				
Contributions (Notes 2 and 8)	\$ 714,771	\$ -	\$ 714,771	\$ 503,938
In-Kind Contributions (Note 2)	-	-	-	625
Special Event Revenue (Note 2)	41,261	-	41,261	36,371
Investment Return (Note 4)	5,873	-	5,873	17,395
Other Income	4,107	-	4,107	-
Other Gain (Loss) (Note 2)	(7,251)	-	(7,251)	(2,931)
Total Support and Revenue	<u>758,761</u>	<u>-</u>	<u>758,761</u>	<u>555,398</u>
FUNCTIONAL EXPENSES (Note 2):				
Program Services:				
Orphanages	182,155	-	182,155	158,345
Education	141,880	-	141,880	137,318
Medical Clinics	42,345	-	42,345	14,845
Total Program Services	<u>366,380</u>	<u>-</u>	<u>366,380</u>	<u>310,508</u>
Support Services:				
Management & General	67,886	-	67,886	48,220
Fundraising	57,591	-	57,591	73,560
Total Support Services	<u>125,477</u>	<u>-</u>	<u>125,477</u>	<u>121,780</u>
Total Functional Expenses	<u>491,857</u>	<u>-</u>	<u>491,857</u>	<u>432,288</u>
INCREASE IN NET ASSETS	266,904	-	266,904	123,110
NET ASSETS - BEGINNING OF YEAR	<u>1,314,736</u>	<u>134,525</u>	<u>1,449,261</u>	<u>1,326,151</u>
NET ASSETS - END OF YEAR	<u>\$ 1,581,640</u>	<u>\$ 134,525</u>	<u>\$ 1,716,165</u>	<u>\$ 1,449,261</u>

See Accompanying Notes and Independent Auditors' Report

AGAPE AIDS ORPHAN CARE

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Totals for the Year Ended March 31, 2019)

	<u>Program Services</u>			<u>Total</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total 2020</u>	<u>Total 2019</u>
	<u>Orphanage</u>	<u>Education</u>	<u>Medical Clinics</u>	<u>Program Services</u>				
Salaries and Wages	\$ 69,392	\$ 80,757	\$ 10,801	\$ 160,950	\$ 17,565	\$ 6,370	\$ 184,885	\$ 171,390
Payroll Taxes	2,447	2,543	636	5,626	318	318	6,262	5,847
Employee Benefits	10,573	7,288	1,822	19,683	911	911	21,505	18,987
Total Payroll & Related Expenses	<u>82,412</u>	<u>90,588</u>	<u>13,259</u>	<u>186,259</u>	<u>18,794</u>	<u>7,599</u>	<u>212,652</u>	<u>196,224</u>
Program Expenses (Notes 7, 8 and 9)	96,836	40,369	27,062	164,267	-	-	164,267	123,015
Special Event Expenses (Note 2)	-	-	-	-	-	40,541	40,541	42,225
Professional Fees	-	-	-	-	24,155	-	24,155	8,109
Bank Fees & Charges	-	-	-	-	15,904	-	15,904	5,686
Travel & Transportation	2,907	2,022	2,024	6,953	-	7,439	14,392	13,606
Depreciation (Note 2)	-	8,037	-	8,037	-	-	8,037	8,887
Office & Technology Expenses	-	-	-	-	5,957	-	5,957	11,896
Postage, Printing & Supplies	-	864	-	864	2,114	824	3,802	4,165
Insurance	-	-	-	-	1,632	-	1,632	1,600
Donor Development	-	-	-	-	-	1,188	1,188	14,229
Miscellaneous Expense	-	-	-	-	(670)	-	(670)	2,646
Total Functional Expenses	<u>\$ 182,155</u>	<u>\$ 141,880</u>	<u>\$ 42,345</u>	<u>\$ 366,380</u>	<u>\$ 67,886</u>	<u>\$ 57,591</u>	<u>\$ 491,857</u>	<u>\$ 432,288</u>

See Accompanying Notes and Independent Auditors' Report

AGAPE AIDS ORPHAN CARE

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

FOR THE YEAR ENDED MARCH 31, 2020

(With Comparative Totals for the Year Ended March 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 266,904	\$ 123,110
Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:		
Depreciation	8,037	8,887
Realized Gain on Investments and Sale of Vehicle, Net	(4,385)	(4,280)
Unrealized (Gain) Loss on Investments and Foreign Exchange, Net	4,320	(326)
Donated Stock	(41,240)	(5,479)
Sale of Donated Securities	41,556	5,362
Changes in Assets and Liabilities:		
Security Deposits	574	851
Accrued Expenses	(3,650)	1,138
Net Cash Provided by Operating Activities	272,116	129,263
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of Vehicle	4,107	-
Purchase of Investments	(51,472)	(12,672)
Net Cash Used by Investing Activities	(47,365)	(12,672)
INCREASE IN CASH AND CASH EQUIVALENTS	224,751	116,591
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	748,617	632,026
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 973,368	\$ 748,617

See Accompanying Notes and Independent Auditors' Report

AGAPE AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Agape International, Inc., d/b/a Agape AIDS Orphan Care 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 and special events.

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 AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(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.

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.

Recent Accounting Pronouncements

During the year, the Organization adopted the provisions of FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 also clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. The Organization has adopted the provisions of the new ASU during the year ended March 31, 2020 and has retrospectively applied the standard to the year ended March 31, 2019. The retrospective application had no effect on the 2019 increase in net assets.

AGAPE AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(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.

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.

Contribution 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.

AGAPE AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(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, 2020 and 2019 was \$8,037 and \$8,887, 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.

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, 2019 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 AIDS Orphan Care 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 AIDS Orphan Care 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, 2020 and 2019. Accordingly, no provision for income taxes is required.

AGAPE AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020 and 2019, 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 January 12, 2021, the date the financial statements were available to be issued. See Note 10 for subsequent events that have been identified by management.

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:

	2020	2019
Cash and Cash Equivalents	\$ 973,368	\$ 748,617
Investments	<u>719,386</u>	<u>672,272</u>
Total Financial Assets	1,692,754	1,420,889
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>\$ 1,558,229</u>	 <u>\$ 1,286,364</u>

AGAPE AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(Continued)

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, 2020 and 2019. Investments consisted of the following as of March 31:

2020				
Fair Value Measurement				
Description	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 48,910	\$ -	\$ -	\$ 48,910
U.S. Treasury Note	595,988	-	-	595,988
Mutual Funds	74,488	-	-	74,488
Total Market Value	<u>\$ 719,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 719,386</u>

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

AGAPE AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(Continued)

NOTE 5 PROPERTY AND EQUIPMENT

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

	2020	2019
Office Equipment	\$ 30,153	\$ 30,153
School Bus	-	25,000
Motor Vehicles	<u>44,433</u>	<u>44,433</u>
Total	74,586	99,586
Less: Accumulated Depreciation	<u>(56,619)</u>	<u>(73,582)</u>
Property and Equipment, Net	<u>\$ 17,967</u>	<u>\$ 26,004</u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

As of March 31, 2020 and 2019, 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.

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 \$366,380 and \$310,508, for the years ended March 31, 2020 and 2019, respectively. Revenues of \$36,506 and \$27,748 were generated in India for the years ended March 31, 2020 and 2019, respectively. Program expenditures consist of expenses paid for services provided in India, including salaries, occupancy, food, education, medical expenses and other costs.

AGAPE AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

(Continued)

NOTE 8 CONCENTRATIONS

Agape AIDS Orphan Care 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, 2020 and 2019, the uninsured cash balance totaled \$0 and \$181,814, respectively.

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 \$29,573 and \$31,437 for the years ended March 31, 2020 and 2019, respectively, and are included in program expenses.

NOTE 10 SUBSEQUENT EVENTS

The COVID-19 pandemic has caused business disruption through mandated and voluntary cancellation of group gatherings and travel across the globe. The cancellation of events and gatherings has had a negative impact on the overall world economy and spending. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of cancelled travel and events. As such, it is possible that this matter could have a negative impact on fiscal year 2021 financial performance. However, the related financial impact and duration cannot be reasonably estimated at this time.