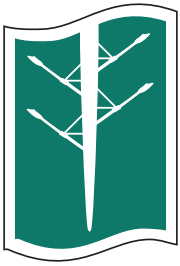


**AGAPE AIDS ORPHAN CARE
COMBINED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED MARCH 31, 2021**

AGAPE AIDS ORPHAN CARE
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FOR THE YEAR ENDED MARCH 31, 2021

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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 AIDS Orphan Care

Opinion

We have audited the accompanying combined financial statements of Agape AIDS Orphan Care (a nonprofit organization and its affiliate, AGAPE), which comprise the combined statement of financial position as of March 31, 2021, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Agape AIDS Orphan Care as of March 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Agape AIDS Orphan Care and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Agape AIDS Orphan Care's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agape AIDS Orphan Care's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Agape AIDS Orphan Care's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

INDEPENDENT AUDITORS' REPORT

(Continued)

Report on Summarized Comparative Information

We have previously audited Agape AIDS Orphan Care's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Murphy, Edwards, Moncalves & Ferreira, PC

Southborough, Massachusetts
January 31, 2022

AGAPE AIDS ORPHAN CARE
COMBINED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2021

(With Comparative Totals as of March 31, 2020)

ASSETS

	2021	2020
CURRENT ASSETS:		
Cash (Notes 2, 5 and 8)	\$ 1,664,642	\$ 973,368
Prepaid Expenses	423	-
Total Current Assets	1,665,065	973,368
PROPERTY AND EQUIPMENT, NET (Notes 2 and 4)	28,885	17,967
OTHER ASSETS:		
Security Deposits	6,724	6,528
Investments (Notes 2, 3, 5 and 6)	778,076	719,386
Total Other Assets	784,800	725,914
TOTAL ASSETS (Note 7)	\$ 2,478,750	\$1,717,249

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accrued Expenses	\$ 6,829	\$ 1,084
Total Current Liabilities (Note 7)	6,829	1,084
NET ASSETS:		
Net Assets Without Donor Restrictions (Note 2)	1,834,821	1,581,640
Net Assets With Donor Restrictions (Notes 2 and 6)	637,100	134,525
Total Net Assets (Note 7)	2,471,921	1,716,165
TOTAL LIABILITIES AND NET ASSETS	\$ 2,478,750	\$1,717,249

See Accompanying Notes and Independent Auditors' Report

AGAPE AIDS ORPHAN CARE
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021

(With Comparative Totals for the Year Ended March 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
SUPPORT AND REVENUE (Note 2):				
Contributions (Notes 2 and 8)	\$ 676,183	\$ 502,575	\$ 1,178,758	\$ 714,771
Special Event Revenue (Note 2)	-	-	-	41,261
Investment Return (Note 3)	32,833	-	32,833	5,873
Other Income	1,464	-	1,464	4,107
Other Gain (Loss) (Note 2)	5,837	-	5,837	(7,251)
Total Support and Revenue	716,317	502,575	1,218,892	758,761
FUNCTIONAL EXPENSES (Note 2):				
Program Services:				
Orphanages	168,875	-	168,875	182,155
Education	168,411	-	168,411	141,880
Medical Clinics	42,867	-	42,867	42,345
Total Program Services (Note 7)	380,153	-	380,153	366,380
Support Services:				
Management & General	60,252	-	60,252	67,886
Fundraising	22,731	-	22,731	57,591
Total Support Services	82,983	-	82,983	125,477
Total Functional Expenses	463,136	-	463,136	491,857
INCREASE IN NET ASSETS	253,181	502,575	755,756	266,904
NET ASSETS - BEGINNING OF YEAR	1,581,640	134,525	1,716,165	1,449,261
NET ASSETS - END OF YEAR	\$ 1,834,821	\$ 637,100	\$ 2,471,921	\$ 1,716,165

See Accompanying Notes and Independent Auditors' Report

AGAPE AIDS ORPHAN CARE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021

(With Comparative Totals for the Year Ended March 31, 2020)

	Program Services			Total Program Services	Management & General	Fund Raising	Total 2021	Total 2020
	Orphanage	Education	Medical Clinics					
Salaries and Wages	\$ 69,175	\$ 84,500	\$ 10,623	\$ 164,298	\$ 19,509	\$ 6,910	\$ 190,717	\$ 184,885
Payroll Taxes	2,375	2,375	594	5,344	297	297	5,938	6,262
Employee Benefits	10,781	10,781	2,187	23,749	1,297	1,348	26,394	21,505
Total Payroll & Related Expenses	82,331	97,656	13,404	193,391	21,103	8,555	223,049	212,652
Program Expenses (Notes 7, 8 and 9)	84,175	60,640	29,428	174,243	-	-	174,243	164,267
Special Event Expenses (Note 2)	-	-	-	-	-	1,000	1,000	40,541
Professional Fees	-	-	-	-	12,010	-	12,010	24,155
Bank Fees & Charges	-	-	-	-	12,605	-	12,605	15,904
Travel & Transportation	2,369	916	35	3,320	898	1,005	5,223	14,392
Depreciation (Note 2)	-	9,199	-	9,199	-	-	9,199	8,037
Office & Technology Expenses	-	-	-	-	6,369	-	6,369	5,957
Postage, Printing & Supplies	-	-	-	-	-	1,194	1,194	3,802
Insurance	-	-	-	-	7,017	-	7,017	1,632
Donor Development	-	-	-	-	-	10,977	10,977	1,188
Miscellaneous Expense	-	-	-	-	250	-	250	(670)
Total Functional Expenses	\$ 168,875	\$ 168,411	\$ 42,867	\$ 380,153	\$ 60,252	\$ 22,731	\$ 463,136	\$ 491,857

See Accompanying Notes and Independent Auditors' Report

AGAPE AIDS ORPHAN CARE

COMBINED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

(With Comparative Totals for the Year Ended March 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 755,756	\$ 266,904
Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:		
Depreciation	9,199	8,037
Realized Gain on Investments and Sale of Vehicle, Net	(5,563)	(4,385)
Unrealized (Gain) Loss on Investments and Foreign Exchange, Net	(28,153)	4,320
Donated Stock	(25,857)	(41,240)
Sale of Donated Securities	25,857	41,556
Changes in Assets and Liabilities:		
Prepaid Expenses	(423)	-
Security Deposits	(196)	574
Accrued Expenses	5,745	(3,650)
Net Cash Provided by Operating Activities	<u>736,365</u>	<u>272,116</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of Vehicle	1,464	4,107
Purchase of Vehicle	(20,118)	-
Purchase of Investments	(26,437)	(51,472)
Net Cash Used by Investing Activities	<u>(45,091)</u>	<u>(47,365)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	691,274	224,751
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>973,368</u>	<u>748,617</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,664,642</u>	<u>\$ 973,368</u>

See Accompanying Notes and Independent Auditors' Report

AGAPE AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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

Principles of Combined Financial Statements

The accompanying financial statements include the accounts of Agape AIDS Orphan Care, a nonprofit organized in the United States, and AGAPE (Ambassadors of Goodwill for AIDS Patients Everywhere), a society registered under the Societies Registration Act in India. These Organizations work together under common management to care for destitute children that are orphaned by AIDS, and provides them with an education. All significant inter-organization transactions have been eliminated in combination.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. The Organization reports information regarding its financial position and activities according to two net asset classes. 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.

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.

AGAPE AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the prior year, from which the summarized totals were derived.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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, 2021 and 2020 was \$9,199 and \$8,037, 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.

AGAPE AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

(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. The value of the donated goods and services is included in the financial statements as in-kind contribution and expense. For the years ended March 31, 2021 and 2020, there were no donated goods or services recognized in the financial statements.

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. AGAPE is registered under 12A and 80G of the Income Tax Act, 1961 and is tax-exempt in India. The Organization had no unrelated business income in the years ended March 31, 2021 and 2020. Accordingly, no provision for income taxes is required.

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, 2021 and 2020, which generally results in an immaterial foreign currency translation adjustment which is recorded as other gain or loss within the financial statements.

AGAPE AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through January 31, 2022, the date the financial statements were available to be issued. See Note 10.

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 activities.

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, 2021 and 2020. Investments consisted of the following as of March 31:

2021				
Fair Value Measurement				
Description	Level 1	Level 2	Level 3	Total
Cash	\$ 672,994	\$ -	\$ -	\$ 672,994
Mutual Funds	<u>105,082</u>	<u>-</u>	<u>-</u>	<u>105,082</u>
Total Market Value	<u>\$ 778,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 778,076</u>

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	<u>74,488</u>	<u>-</u>	<u>-</u>	<u>74,488</u>
Total Market Value	<u>\$ 719,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 719,386</u>

AGAPE AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

(Continued)

NOTE 4 PROPERTY AND EQUIPMENT

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

	2021	2020
Office Equipment	\$ 30,153	\$ 30,153
Motor Vehicles	<u>56,053</u>	<u>44,433</u>
Total	86,206	74,586
Less: Accumulated Depreciation	<u>(57,321)</u>	<u>(56,619)</u>
Property and Equipment, Net	<u>\$ 28,885</u>	<u>\$ 17,967</u>

NOTE 5 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:

	2021	2020
Cash and Cash Equivalents	\$ 1,664,642	\$ 973,368
Investments	<u>778,076</u>	<u>719,386</u>
Total Financial Assets	2,442,718	1,692,754
Less Imposed Restrictions:		
Funds Restricted for Land Purchase in India	<u>(637,100)</u>	<u>(134,525)</u>
Total Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 1,805,618</u>	<u>\$ 1,558,229</u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

As of March 31, 2021 and 2020, net assets with donor restrictions of \$637,100 and \$134,525, respectively, were available for the purchase of a new school and orphanage property in India. These funds are included with cash and investments until the Organization is able to meet the restriction.

AGAPE AIDS ORPHAN CARE
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

(Continued)

NOTE 7 RELATED PARTY TRANSACTIONS AND FOREIGN OPERATIONS

Agape AIDS Orphan Care conducts fundraising activities for the benefit of AGAPE programs for orphaned children in India. For the years ended March 31, 2021 and 2020, donations of \$205,000 and \$240,000, respectively, were provided to AGAPE in support of its foreign operating expenses associated with its programs.

Each Organization is established as a separate legal entity and have separate boards of directors, and therefore neither Organization has a direct controlling interest in the other. A summary of the financial position of each Organization is as follows for the years ended March 31, 2021 and 2020.

	Agape AIDS Orphan Care U.S.	AGAPE India
March 31, 2021:		
Total Assets	\$ 2,389,081	\$ 89,669
Total Liabilities	<u>(6,829)</u>	<u>(-)</u>
Total Net Assets	<u>\$ 2,382,252</u>	<u>\$ 89,669</u>
March 31, 2020:		
Total Assets	\$ 1,656,636	\$ 60,613
Total Liabilities	<u>(1,084)</u>	<u>(-)</u>
Total Net Assets	<u>\$ 1,655,552</u>	<u>\$ 60,613</u>

The Organization operates orphanages in India in accordance with its mission of caring for children impacted by AIDS. Foreign program expenditures were \$380,153 and \$366,380, for the years ended March 31, 2021 and 2020, respectively. Donations of \$132,810 and \$36,506 were generated in India for the years ended March 31, 2021 and 2020, 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, 2021

(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, 2021 and 2020, the uninsured cash balance totaled \$259,318 and \$0, respectively.

During the year end March 31, 2021, the Organization received 46% of its total support from a single donor.

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 \$31,014 and \$29,573 for the years ended March 31, 2021 and 2020, respectively, and are included in program expenses.

NOTE 10 SUBSEQUENT EVENT

In January 2022, AGAPE is scheduled to close on a property with upgraded facilities and more open space, with plans to relocate to a new campus in India. The cost of the new property is estimated to be approximately \$4.5 million. Support generated from U.S. donations through Agape AIDS Orphan Care is the primary source of funds that will be used to acquire the new property.