

Security Code 08712019040022191557  
Report No. J.T.S.Z.(2019) No.066  
Commissioned Kunming Yundi Behavior and Health  
by Research Centre  
Accounting Firm Kunming Skyview Certified Public  
Accountants Co., Ltd.  
Reported on 2019-04-11  
Filed on 2019-04-11 15:24  
Location of the  
accounting firm Kunming City  
Signed CPA Chang Jiang  
Dou Leilei



## Kunming Yundi Behavior and Health Research Centre

### Auditor's Report

Accounting Firm: Kunming Skyview Certified Public Accountants Co., Ltd.  
Tel: 0871-63105335  
Fax: 0871-64144111  
Address: Room 912, Floor 9, Fangzhou Building, #2 Dianchi Road, Kunming  
E-mail: [2679193@qq.com](mailto:2679193@qq.com)  
Website:

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Yunnan Institute of Certified Public Accountants  
Security hotline: 0871-63133563 0871-63138607  
Security website: <http://www.ynicpa.org>

## **Kunming Skyview Certified Public Accountants Co., Ltd.**

Jing Tian Shen Zi (2019) No. 066

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### **Auditor's Report**

#### **Kunming Yundi Behavior and Health Research Center:**

##### **I. Audit Report on the Financial Statements**

###### **1. Opinion**

We have audited the financial statements of Kunming Yundi Behavior and Health Research Center (hereinafter referred to as YUNDI), which comprise the balance sheet as at December 31, 2018, and the statement of business activities and the statement of cash flows for the year of 2018 and notes to the relevant financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with the *Accounting Standards for Non-Governmental Non-Profit Organizations* and present fairly the financial position of YUNDI as at December 31, 2018 and its operating results and cash flows for the year of 2018.

###### **2. Basis for Our Opinion**

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in the section "Auditor's Responsibilities for the Audit of the Financial Statements" of our report. In accordance with the Code of Ethics for Chinese CPA, we are independent of YUNDI; and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

###### **3. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The management of YUNDI (hereinafter referred to as the "management") is responsible for preparing the financial statements in accordance with the requirements of the *Accounting Standards for Non-Governmental Non-Profit Organizations* to

achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the management is responsible for assessing YUNDI's ability to continue as a going concern, disclosing matters related to going concern (if applicable) and using the going concern assumption, unless the management either intends to liquidate YUNDI or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing YUNDI's financial reporting process.

#### 4. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit in accordance with the audit standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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, omissions, misrepresentations, or the override of internal control.

(2) 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 YUNDI's internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of YUNDI.

(4) Conclude on the appropriateness of using the going concern assumption by the management of YUNDI, and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on YUNDI's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention of the users of the financial statements in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause YUNDI to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures; and evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit matters, including any significant deficiencies in the internal control that we identify during our audit.

## **II. Audit Priorities Required to be Disclosed by the Annual Inspection of Non-Profit Organizations**

Yunnan Provincial Department of Civil Affairs published on February 28, 2019 the *Notice of Yunnan Provincial Department of Civil Affairs on 2018 Annual Inspection of Provincial Private Non-Enterprise Institutions* (Yun Min She Guan [2019] No. 15). According to the requirements of this document, the audit priorities mentioned above and other agreed contents shall be included in an engagement letter of audit business. In view of the audit priorities required by Yunnan Provincial Civil

Affairs Department, private non-enterprise institutions shall require the accounting firm undertaking the financial audit to issue a statement of audit and explain each situation of the audited entity one by one. The audit priorities are disclosed as follows:

1. Financial Management

(1) Implementation of the *Accounting Standards for Non-Governmental Non-Profit Organizations*

YUNDI has implemented the *Accounting Standards for Non-Governmental Non-Profit Organizations* and set up corresponding accounting subjects according to actual needs.

(2) Opening of Basic Account

YUNDI has opened a basic account with Kunming Lianfa Sub-Branch of Fudian Bank (account number: 9160120109111327), and the deposit balance of the basic account as of December 31, 2018 is CNY 129,327.32.

(3) Income and Expenditure

The revenue of YUNDI in 2018 is CNY 971,373.71, including CNY100,000.00 from donation, CNY 165,754.80 from service provision, CNY 705,000.00 from government subsidy and CNY 618.91 from other income. The annual expenditure in 2018 is CNY 1,065,237.36, which is the cost of business activities.

(4) Establishment and Implement of Financial System

YUINDI has established financial systems such as cashier, fixed assets and archives management etc.

(5) Net Assets

The initial capital of YUNDI is CNY 30,000.00, and its net assets as of December 31, 2018 are CNY-5,752.10

2. Contribution in Promoting Employment and Contracted Personnel's Participation in Social Security Program

As of December 31, 2018, YUNDI has not signed any labor contract.

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Attachments:

1. Balance sheet as at 31 December 2018
2. Statement of Business Activities for 2018
3. Statement of Cash Flows for 2018
4. Notes to the Financial Statements for 2018

Kunming Skyview Certified Public Accountants Co., Ltd.

[Seal] Kunming Skyview Certified Public Accountants Co., Ltd.; 5301000402266

Kunming, P.R. China

Certified Public Accountant of China: CHANG Jiang

[Stamp] Certified Public Accountant of China; CHANG Jiang; 530101540008

Certified Public Accountant of China: DOU Leilei

[Stamp] Certified Public Accountant of China; DOU Leilei; 530101540002

April 11, 2019

## Balance Sheet

K.M.F. No.01 sheet

Prepared by Kunming Yundi Behavior and Health Research Institute

December 31, 2018

Unit: yuan

Assets	Line No.	At beg. of year	At end of year	Liabilities and owner's equity	Line No.	At beg. of year	At end of year
Current Assets				Current Liability:			
Cash and Cash Equivalents	1	50,499.40	130,590.75	Short-term Loans	51		
Short-term Investment	2			Accounts Payable	52	3,284.85	143,284.85
Accounts Receivable	4	34,150.00	195.00	Wage payable	55		
Prepayment	5			Taxes Payable	57	439.00	439.00
Inventory	7	7,186.00	7,186.00	Accrued Expense	58		
Deferred Expense	8			Accrued Liabilities	60		
Long-term Investment on Bonds Due within One Year	12			Long-term Liability Due within One Year	62		
Other Current Assets	13			Other Current Liability	63		
Total Current Assets	20	91,835.40	137,971.75	Total Current Liability	70	3,723.85	143,723.85
Long-term Investment:							
Long-term Investment on Stocks	21			Long-term Liability:			
Long-term Investment on Bonds	22			Long-term Loans	71		
Total Long-term Investment	25			Long-term Payable	72		
Fixed Assets:				Other Long-term Liability	74		
Original Value of Fixed Asset	26			Total Long-term Liability	76		
Less: Accumulated Depreciation	27						
Net Value of Fixed Assets	30			Fiduciary agent Liability:			
Construction in process	32			Fiduciary agent Liability	81		
Cultural assets	33			Total Liability	85	3,723.85	143,723.85
Disposal of Fixed Assets	34						
Total Fixed Assets	40						
				Net Assets:			
Intangible Assets:				Unlimited Net Assets	86	88,111.55	27755.90

Intangible Assets	41			Limited Net Assets	87		-33,508.00
				Total Net Assets	95	88,111.55	-5,752.10
Fiduciary agent Assets:							
Fiduciary agent Assets	46						
Total Assets	50	91,835.40	137,971.75	Total Liability and Net Assets	100	91,835.40	137,971.75

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## Operating sheet

K.M.F. No.02 sheet

Prepared by Kunming Yundi Behavior and Health Research Institute

December 31, 2018

Unit: yuan

Item	Line No.	Last year cumulative			Current year cumulative		
		Unlimited	Limited	Total	Unlimited	Limited	Total
I. Revenue							
Among: donation revenue	1	566,606.23	300,000.00	866,606.23		100,000.00	100,000.00
Revenue from membership fees	2						
Revenue from offering service	3				165,754.80		165,754.80
Revenue from commodity sales	4						
Revenue from government grants	5					705,000.00	705,000.00
Investment income	6						
Other revenue	9	855.91		855.91	618.91		618.91
Total revenue	15	567,462.14	300,000.00	867,462.14	166,373.71	805,000.00	971,373.71
II. Expenses							
(I) Activity costs	16	483,821.74	320,750.00	804,571.74	226,729.36	838,508.00	1,065,237.36
Among: Provide services cost	17						
Taxes	18						
Member service cost	19						
Activity cost	30				226,729.36	838,508.00	1,065,237.36
Payment of dues							
(II) Overhead expense	31						
(III) Cost of raising funds	32						
(IV) Others							
Total expenses	40	483,821.74	320,750.00	804,571.74	226,729.36	838,508.00	1,065,237.36
III. Convert limited assets into unlimited assets	45						
IV. Changes in net assets (reduction in net assets uses "-")	46	83,640.40	-20,750.00	62,890.40	-60,355.65	-33,508.00	-93,863.65
V. Net assets at the beginning of the period	48	4,471.15	20,750.00	25,221.15	88,111.55		88,111.55

VI.Net assets at the end of the period	50	88,111.55		88,111.55	27,755.90	-33,508.00	-5,752.10
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## Statement of Cash Flows

Prepared by: Kunming Yundi Behavior and Health Research Center  
Unit: CNY

Hui Min Fei Form-03  
Accounting Period: 2018

[Seal] Kunming Yundi Behavior and Health Research Center

Items	No.	Amount	Additional Information	No.	Amount
I. CASH FLOWS FROM BUSINESS ACTIVITIES:			1. Adjust net profit into cash flow from business activities:		
Cash received from donations	1	100,000.00	Change in net assets	61	-93,863.65
Cash received from collection of membership fees	2		Plus: Provision for asset impairment	62	
Cash received from rendering of services	3	165,754.80	Depreciation of fixed assets	63	
Cash received from sale of goods	4		Amortization of intangible assets	64	
Cash received from government subsidies	5	705,000.00	Amortization of long-term prepaid expenses	65	
Other cash received relating to business activities	6	174,573.91	Decrease in prepaid expenses(deduct: increase)	66	
Sub-total of cash inflows	10	1,145,328.71	Increase in prepaid expenses (deduct: decrease)	67	
Cash paid for making donations or subsidizing	11		Losses on disposal of fixed assets, intangible assets and other long-term assets (deduct: gains)	68	
Cash paid to and on behalf of employees	12		Losses on disposal of fixed assets	69	
Cash paid for goods and services	13	1,065,237.36	Financial expenses	70	
Other cash paid relating to business activities	18		Losses on investments (deduct: gains)	71	
Sub-total of cash outflows	20	1,065,237.36	Deferred tax credit (deduct: debit)	72	
Net cash flows from business activities	21	80,091.35	Decrease in inventories (deduct: increase)	73	
II. CASH FLOWS FROM INVESTMENT ACTIVITIES:			Decrease in operating receivables (deduct: increase)	74	33,955.00
Cash received from disposal of investments	22		Increate in operating payables (deduct: decrease)	75	140,000.00
Cash received as a return on investment	23		Others	76	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	25		Net cash flows from business activities	80	80,091.35
Other cash received relating to investment activities	28				
Sub-total of cash inflows	29				
Cash paid to acquire fixed assets and intangible assets etc.	30				

Cash paid to acquire investments	31				
Other cash paid relating to investment activities	35		2. Investing and financing activities that do not involve cash receipt or payment:		
Sub-total of cash outflows	36		Conversion of debt into capital	81	
Net cash flows from investing activities	37		Reclassification of convertible bonds expiring within one year as current liability	82	
III. CASH FLOWS FROM FINANCING ACTIVITIES:			Fixed assets acquired under finance leases	85	
Cash received from borrowings	38				
Other cash received relating to financing activities	40				
Sub-total of cash inflows	43				
Cash repayments of amounts borrowed	44				
Cash repayments of interests	45		3. Net increase in cash and cash equivalents:		
Other cash paid relating to financing activities	46		Cash at end of year	90	130,590.75
Sub-total of cash outflows	52		Less: Cash at beginning of year	91	50,499.40
Net cash flows from investing activities	53		Plus: Cash equivalents at end of year	92	
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	55		Less: Cash equivalents at beginning of year	93	
V. NET INCREASE IN CASH AND CASH EQUIVALENTS	60	80,091.35	Net increase in cash and cash equivalents	100	80,091.35

[Stamp] Audited; Kunming Skyview Certified Public Accountants Co., Ltd.

The business license for the legal entity

Name of the entity: Kunming Skyview Certified Public Accountants Co., Ltd.

Legal representative: Wang ling

Registered No.: 9153010068125358XH

## **The Business License for the Legal Entity**

**(Counterpart)** No. 3-3

Unified social credit code: 9153010068125358XH

The enterprise name: Kunming Skyview Certified Public Accountants Co., Ltd.

Business type: limited liability company (natural investment or holdings)

Address: Room 912, Floor 9, Fangzhou Building, #2 Dianchi Road, Kunming

Legal representative: Wang ling

Registered capital: RMB 1,000,000.00 yuan

Established on: October 17, 2008

Valid from October 17, 2008 to long time

Scope of management: To examine accounting report of an enterprise, and issue the auditor's reports; to verify the capital of the enterprise, and issue the capital verification report; to conduct the auditing operation on the reorganization, amalgamation, separation, rectification, dissolution and bankrupt liquidation events of an enterprise, and issue relevant report; book keeping; accounting consultation; tax advisory, management consulting, account training; to sell office supplies and paper products (The business items involved in special approval shall be operated according to the License).



Registration authority: Administration for Industry & Commerce of Yunnan Province (Seal)

Jan 18, 2018

Affixed with the seal of Kunming Skyview Certified Public Accountants Co., Ltd.

### Accounting Firm Practising Certificate

Name of the firm: Kunming Skyview Certified Public Accountants Co., Ltd.

Chief accountant: Wang ling

Certificate No.: 0003477

Accounting Firm  
Practising Certificate

Chief accountant: Wang ling

Address: Room 912, Floor 9, Fangzhou Building,  
#2 Dianchi Road, Kunming

Business Type: Limited Liability Company

Accounting Firm No.: 53010154

Registered (Paid-in) Capital: RMB 1,000,000 yuan

Establishment Approval No.: Y.C.H. (2008) No. 51

Establishment Approved on: October 8, 2008

Notice:

1. The certificate is granted by the financial authority to qualify CPAs' statutory business.
2. The certificate shall be updated by the financial authority in case of any record alteration.
3. The certificate shall not be counterfeited, altered, lent and transferred.
4. The certificate shall be returned to the financial authority in case the accounting firm ceases its business.

Issued by Yunnan Department of Finance (Seal)  
March 30, 2018

Prepared by Chinese Ministry of Finance

Affixed with the seal of Kunming Skyview Certified Public Accountants Co., Ltd.

Certificate of Chinese Certified Public Accountant

Name of the entity: Kunming Skyview Certified Public Accountants Co., Ltd.

Name: Chang Jiang

Certificate No.: 530101540008

Qualification: CPA



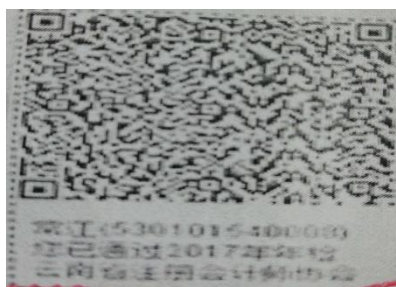
Full name: Chang Jiang

Sex: male

Date of birth: August 27, 1983

Working unit: Kunming Skyview  
Certified Public Accountants Co.,  
Ltd.

IdentitycardNO.:530112198308270316



No. of Certificate: 530101540008

Authorized Institute of CPA: Yunnan Institute of CPA

Date of Issurance: September 25, 2014

Chang Jiang (530101540008) has passed the  
annual inspection of Yunnan Institute of  
Certified Public Accountants in 2017

Affixed with the seal of Kunming Skyview Certified Public Accountants Co., Ltd.

Certificate of Chinese Certified Public Accountant

Name of the entity: Kunming Skyview Certified Public Accountants Co., Ltd.

Name: Dou Leilei

Certificate No.: 530101540002

Qualification: CPA

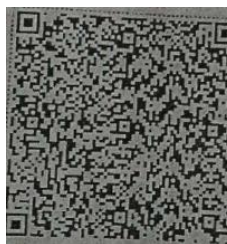


Full name: Dou Leilei

Sex: female

Date of birth: January 19, 1976

Working unit: Kunming Skyview  
Certified Public Accountants Co.,  
Ltd.



Identity card No.  
530112197601190329

: Dou Leilei (530101540002) has passed the  
annual inspection of Yunnan Institute of  
Certified Public Accountants in 2017

No. of Certificate: 530101540002

Authorized Institute of CPA: Yunnan Institute of CPA

Date of Issurance: April 18, 2011

Affixed with the seal of Kunming Skyview Certified Public Accountants Co., Ltd.

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