

INDRALOKA ANIMAL SANCTUARY, INC.

**YEAR ENDED
DECEMBER 31, 2016**

INDRALOKA ANIMAL SANCTUARY, INC.
YEAR ENDED DECEMBER 31, 2016

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**Kronick
Kalada
Berdy & Co.**
A Professional Corporation

Certified Public Accountants

Officers/Shareholders

William R. Lazor, CPA/PFS, CFE
Deborah A. Eastwood, CPA
Kevin R. Foley, CPA
William Fromel, CPA
Mario Ercolani, CPA
Anthony R. Caravaggio, CPA
Ronald H. Ulitchney, CPA
Louis E. Marcin, CPA
Jason C. Williams, CPA

Independent Auditors' Report

Donald M. Kronick, CPA
Joseph J. Kalada, CPA
Paul Berdy, CPA

Board of Directors
Indraloka Animal Sanctuary, Inc.
Mehoopany, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Indraloka Animal Sanctuary, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of operations and changes in net assets and cash flows 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 accounting principles generally accepted in the United States of America; this includes 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 auditors' 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.

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 financial position of Indraloka Animal Sanctuary, Inc., as of December 31, 2016 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Kronick Kalada Berdy & Co

Kingston, Pennsylvania
September 28, 2017

INDRALOKA ANIMAL SANCTUARY, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

ASSETS

Cash	\$ 187,505
Property and equipment, net	<u>116,257</u>
Total assets	<u>\$ 303,762</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 3,510
Accrued liabilities	10,276
Long-term debt	<u>19,191</u>
Total liabilities	32,977
Unrestricted net assets	<u>270,785</u>
Total liabilities and net assets	<u>\$ 303,762</u>

See notes to financial statements

INDRALOKA ANIMAL SANCTUARY, INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2016

Unrestricted revenues:	
Contributions	\$ 647,817
Donations in kind, principally animal expense	50,721
Program income	47,740
Fundraising activities	18,018
Miscellaneous income	1,851
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Total unrestricted revenues	766,147
Expenses:	
Salaries and wages	193,165
Animal expense	108,315
Rent	45,269
Educational program	39,947
Supplies	29,159
Repairs and maintenance	24,964
Insurance	23,174
Auto expenses	21,630
Subcontractors	19,256
Utilities	12,905
Advertising	10,637
Depreciation	8,701
Professional fees	6,991
Office expenses	6,209
Computer expense	6,048
Miscellaneous expenses	3,288
Event expense	3,024
Shipping and delivery	2,082
Interest expense	1,144
Charitable contributions	1,093
Meals and entertainment	321
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Total expenses	567,322
Increase in net assets	198,825
Net assets, beginning	71,960
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Net assets, ending	\$ 270,785
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See notes to financial statements

INDRALOKA ANIMAL SANCTUARY, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities:	
Increase in net assets	\$ 198,825
Adjustments:	
Depreciation	8,701
Changes in assets and liabilities:	
Accounts payable	(9,321)
Accrued liabilities	<u>10,276</u>
Net cash provided by operating activities	<u>208,481</u>
Cash used in investing activities, purchase of property and equipment	<u>(88,245)</u>
Cash flows from financing activities:	
Proceeds from long-term debt	25,000
Payment on long-term debt	<u>(5,809)</u>
Net cash provided by financing activities	<u>19,191</u>
Net increase in cash	139,427
Cash, beginning	<u>48,078</u>
Cash, ending	<u>\$ 187,505</u>
Cash paid for interest	<u>\$ 1,144</u>

See notes to financial statements

INDRALOKA ANIMAL SANCTUARY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 1 Nature of operations and summary of significant accounting policies

Nature of operations

Indraloka Animal Sanctuary, Inc. ("Indraloka") is a not-for-profit corporation located in Mehoopany, Pennsylvania. It provides for farm animals that have nowhere else to turn. It informs, inspires, and empowers the community, especially children, on ways in which to better care for our community and environment while helping animals in need. It advocates for kind and compassionate diet and lifestyle that protects animals and the earth.

Basis of accounting

Indraloka uses the accrual method of accounting in accordance with generally accepted accounting principles. Revenue is recognized when earned and expenses recognized when incurred.

Contributions

Indraloka reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Indraloka reports gifts of land and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Indraloka reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service or when collectible, if later.

During the year ended December 31, 2016, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Use of 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INDRALOKA ANIMAL SANCTUARY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Vehicles and equipment

Vehicles and equipment are recorded at cost. Maintenance and repairs are charged to operations and major improvements are capitalized. It is the Indraloka's policy to capitalize equipment and improvements with a purchase price in excess of \$500. Property and equipment are depreciated on the straight-line method over their estimated useful lives.

Income taxes

Indraloka is a not-for-profit organization that has been recognized as exempt from state income tax and federal income tax under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Indraloka recognizes the benefits of uncertain tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities. Management has analyzed the Indraloka's tax positions and has concluded that no liability should be recorded related to uncertain tax positions taken on returns filed for open tax years 2013 through 2015, or expected to be taken in the Indraloka's 2016 tax returns. Indraloka is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

NOTE 2 Cash

Indraloka maintains its principal cash accounts in commercial banks located in Pennsylvania. Accounts at these banks are insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 3 Property and equipment

Property and equipment, net consists of the following:

Land	\$	20,000
Vehicles		33,931
Equipment, furniture and fixtures		75,984
		<u>129,915</u>
Accumulated depreciation		13,658
	\$	<u>116,257</u>

Depreciation expense for the year ended December 31, 2016 was \$8,701.

NOTE 4 Long term debt

Indraloka has a note payable to a local financial institution. The note is payable in monthly installments of \$1,136 and matures in July 2018. Interest is calculated at 8.2% and the note is secured by a vehicle. The scheduled principal repayments are: 2017-\$12,532 and 2018-\$6,659.

INDRALOKA ANIMAL SANCTUARY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 5 Related party commitment

Indraloka has entered into a month to month lease agreement for its property with one of its Board of Director members. The agreement requires monthly rent payments of \$1,705. Indraloka is required to pay the utilities, insurance, repairs and real estate taxes relative to the property. The related party rental expense was \$20,491 for 2016.

NOTE 6 Functional expenses

Indraloka provides program services within its geographic location. Expenses related to providing these services approximate the following:

Program	\$ 509,599
Fundraising	3,024
General and administrative	54,699
Total expenses	<u>\$ 567,322</u>

NOTE 7 Subsequent events

Subsequent to year end, Indraloka Animal Sanctuary purchased a property in Dalton, Pennsylvania for approximately \$710,000, which was financed through a contribution.

Indraloka has evaluated subsequent events through September 28, 2017, which is the date the financial statements were available for issue.