

**INDRALOKA ANIMAL SANCTUARY, INC.**

**YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

**INDRALOKA ANIMAL SANCTUARY, INC.**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

Certified Public Accountants

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**Independent Auditors' Report**

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 statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets and cash flows for the years 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 audits. We conducted our audits 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Kronick Kalada Berdy & Co*

Kingston, Pennsylvania  
September 29, 2021

INDRALOKA ANIMAL SANCTUARY, INC.

STATEMENTS OF FINANCIAL POSITION

YEARS ENDED DECEMBER 31, 2020 AND 2019

	ASSETS	
	2020	2019
Cash	\$ 160,791	\$ 44,988
Cash restricted for building	250,405	150,000
Contributions receivable	24,000	83,000
Prepaid expenses	-	1,828
Property and equipment, net	2,747,822	2,236,984
Total assets	<u>\$ 3,183,018</u>	<u>\$ 2,516,800</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 81,578	\$ 97,720
Accrued liabilities	44,155	35,103
Deferred revenue	67,800	25,000
Long-term debt	612,737	462,737
Total liabilities	<u>806,270</u>	<u>620,560</u>
Net assets:		
Without donor restrictions	2,126,343	1,746,240
With donor restrictions	250,405	150,000
Total net assets	<u>2,376,748</u>	<u>1,896,240</u>
Total liabilities and net assets	<u>\$ 3,183,018</u>	<u>\$ 2,516,800</u>

See notes to financial statements

**INDRALOKA ANIMAL SANCTUARY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Change in net assets without donor restrictions:		
Revenues:		
Contributions	\$ 979,297	\$ 1,071,664
Donations in kind, principally animal expense	162,483	157,767
Grants	76,350	41,900
Program income	-	4,163
Miscellaneous income	17,642	3,013
Paycheck Protection Program	92,698	
Total revenues without donor restrictions	<u>1,328,470</u>	<u>1,278,507</u>
Expenses:		
Salaries and wages	460,471	453,193
Animal expense	206,581	215,599
Insurance	68,427	102,729
Educational program	50,342	56,121
Utilities	33,379	29,340
Rent	26,901	24,858
Auto expenses	25,442	21,795
Supplies	23,374	93,915
Depreciation	22,632	22,632
Office expenses	10,729	26,311
Professional fees	7,800	7,500
Travel and meals	651	12,327
Charitable contributions	580	1,265
Interest expense	72	-
Shipping and delivery	23	1,336
Subcontractors	-	2,310
Miscellaneous expenses	10,963	6,361
Total expenses	<u>948,367</u>	<u>1,077,592</u>
Increase in net assets without donor restrictions	<u>380,103</u>	<u>200,915</u>
Changes in net assets with donor restrictions, contributions	<u>100,405</u>	<u>10,000</u>
Increase in net assets	<u>\$ 480,508</u>	<u>\$ 210,915</u>

See notes to financial statements

**INDRALOKA ANIMAL SANCTUARY, INC.**

**STATEMENTS OF CHANGES IN NET ASSETS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	With Donor Restrictions	Without Donor Restrictions	Total
Net assets, December 31, 2018	140,000	\$ 1,545,325	\$ 1,685,325
Increase in net assets	\$ 10,000	200,915	210,915
Net Assets, December 31, 2019	150,000	1,746,240	1,896,240
Increase in net assets	100,405	380,103	480,508
Net Assets, December 31, 2020	<u>\$ 250,405</u>	<u>\$ 2,126,343</u>	<u>\$ 2,376,748</u>

See notes to financial statements

**INDRALOKA ANIMAL SANCTUARY, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase in net assets	\$ 480,508	\$ 210,915
Adjustments:		
Depreciation	22,632	22,632
Contributions restricted for building	(100,405)	(10,000)
Changes in assets and liabilities:		
Contributions receivable	59,000	33,500
Accounts payable	(16,142)	26,978
Accrued liabilities	9,052	20,665
Deferred revenues	42,800	(9,000)
Prepaid expense	1,828	-
Net cash provided by operating activities	<u>499,273</u>	<u>295,690</u>
Cash used in investing activities,		
purchase of property and equipment	<u>(533,470)</u>	<u>(1,065,572)</u>
Cash flows from financing activities:		
Collections of restricted contributions for building	100,405	10,000
Borrowings on long-term debt	<u>150,000</u>	<u>462,737</u>
Net cash provided by financing activities	<u>250,405</u>	<u>472,737</u>
Net increase (decrease) in cash	216,208	(297,145)
Cash, beginning	<u>194,988</u>	<u>492,133</u>
Cash, ending	<u><u>\$ 411,196</u></u>	<u><u>\$ 194,988</u></u>
Supplemental disclosure:		
Cash paid for interest	<u><u>\$ 72</u></u>	
Non-cash activity:		
Accounts payable and property and equipment	<u><u>\$ -</u></u>	<u><u>\$ 26,854</u></u>

See notes to financial statements



**INDRALOKA ANIMAL SANCTUARY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**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 basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets

Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to or no longer subject to donor or certain grantor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Indraloka's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Indraloka or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity,

We report contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

# INDRALOKA ANIMAL SANCTUARY, INC.

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2020 AND 2019

When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### Contributions:

Indraloka reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Indraloka reports gifts of land, building and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor 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 support with donor restrictions. 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 years ended December 31, 2020 and 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

#### Revenue and revenue recognition

Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Revenues from sales of products and service fees are recognized when the related product or service is provided to the customer, the price is fixed and determinable, and collectability is reasonably assured. Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. Indraloka recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. Indraloka recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

#### Contributions receivable

Contributions receivable at December 31, 2020 and 2019 are principally expected to be collected and are stated at the amount management expects to be collected from the outstanding balance. As management believes the contributions receivable are collectible in full, no allowance for doubtful accounts is provided.

#### Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

# INDRALOKA ANIMAL SANCTUARY, INC.

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2020 AND 2019

assumptions that affect the reported amounts of asset 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. Accordingly, actual results could differ from those estimates.

#### In-kind contributions

In-kind contributions of animal supplies and other products received from corporations or individuals are recorded at their estimated fair value based on Indraloka's estimate of the retail values that would be received for selling the goods in their principal market considering the good's condition and utility for use at the time they are contributed by the donor. For the years ended December 31, 2020 and 2019, Indraloka received animal supplies and other program products in the amounts of \$162,483 and \$157,767, respectively.

#### Property and equipment

Property 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 Indralokas' tax positions and has concluded that no liability should be recorded related to uncertain tax positions taken on returns filed for open tax years 2017 through 2019, or expected to be taken in Indralokas' 2020 tax returns. Indralokas' 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.

#### Paycheck Protection Program

Indraloka obtained a loan from a bank pursuant to the Paycheck Protection Program ("PPP") of the CARES Act. The loan qualifies for forgiveness provided the proceeds are used for eligible expenses in the covered 24-week period and certain employee retention criteria are met. In accordance with FASB ASC 958-605, Indraloka accounted for the PPP loan as a conditional contribution and in cash flows from operating activities in the statements of cash flows. As the conditions of release were substantially met at December 31, 2020, Indraloka recognized the proceeds of the PPP loan as income in 2020. The loan was officially forgiven by the Small Business Administration in March 2021.

# INDRALOKA ANIMAL SANCTUARY, INC.

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2020 AND 2019

#### Reclassifications

Certain financial statement and note information from the prior year financial statements has been reclassified to conform with the current year presentation.

#### 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:

	<u>2020</u>	<u>2019</u>
Land and building	\$ 710,000	\$ 710,000
Vehicles	111,896	111,896
Equipment, furniture and fixtures	91,600	91,600
Construction in progress	<u>1,919,074</u>	<u>1,385,604</u>
	2,832,570	2,299,100
Accumulated depreciation	<u>84,748</u>	<u>62,116</u>
	<u><u>\$ 2,747,822</u></u>	<u><u>\$ 2,236,984</u></u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$22,632.

#### NOTE 4 Long-term debt

Long-term debt consists of the following:

	<u>2020</u>	<u>2019</u>
Loan Payable, monthly payments starting in May 2022 of \$2,740, including interest at 2.87%, matures April 2042, secured by property.	\$ 462,737	\$ 462,737
Small Business Administration, monthly payments starting in June 2021 of \$641, including interest of 2.75%, matures in June 2052, secured by tangible and intangible personal property	150,000	
	<u>612,737</u>	<u>462,737</u>
Less current portion	1,745	-
Long-term debt	<u><u>\$ 610,992</u></u>	<u><u>\$ 462,737</u></u>

**INDRALOKA ANIMAL SANCTUARY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

Principle payments on long-term debt are due as follows:

2021	\$	1,745
2022		12,412
2023		22,800
2024		23,459
2025		24,726
Thereafter		527,595
	\$	<u>612,737</u>

**NOTE 5** Commitments and concentrations

Indraloka has entered into a month-to-month lease agreement for its property with one of its Board of Director members. Effective October 2020, the agreement requires monthly rent based on Indraloka's operations. Indraloka is required to pay the utilities, insurance, repairs and real estate taxes relative to the property. The related party rental expense was approximately \$24,000 in 2020 and 2019. For 2020 and 2019, approximately 71% and 61% of Indraloka's revenues are from one donor.

Management continues to evaluate the impact of the COVID-19 pandemic and has concluded that while it is reasonable possible that the virus could have a negative effect on the Indraloka's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**NOTE 6** Net assets with donor restrictions

Net assets with donor restrictions consist of contributions of \$250,405 and \$150,000 at December 31, 2020 and 2019, respectively, which are restricted for the new building project.

**NOTE 7** New building project

Indraloka is working on constructing a new facility in Dalton, Pennsylvania. The project is being financed through contributions.

At December 31, 2020 and 2019, construction in progress of approximately \$1,919,074 and \$1,385,604, respectively, relating to this project was included in fixed assets. Management estimates approximately \$3,500,000 of additional costs will be incurred on this project, which will be financed through use of cash, contributions, and a promissory note with an individual.

**INDRALOKA ANIMAL SANCTUARY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 8** Disclosures on liquidity and availability

Indraloka monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. It meets these operating needs and contractual commitments through its program revenue, contributions, grants and structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Indraloka's financial assets available within one year of December 31, 2020 and December 31, 2019:

December 31, 2020

Financial assets:

Cash	\$ 411,196
Contributions receivable	24,000
Financial assets at year end	<u>435,196</u>
Less those unavailable for general expenditure within one year due to:	
Restricted by donors with time purpose restrictions	<u>(250,405)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 184,791</u></u>

December 31, 2019

Financial assets:

Cash	\$ 194,988
Contributions receivable	83,000
Financial assets at year end	<u>277,988</u>
Less those unavailable for general expenditure within one year due to:	
Restricted by donors with time purpose restrictions	<u>(150,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 127,988</u></u>

**NOTE 9** Paycheck Protection Program

In April 2020, Indraloka obtained a \$92,698 loan from a bank pursuant to the Paycheck Protection Program ("PPP") of the CARES Act. Funds from the loan may only be used for payroll, group health benefits, rent, interest, and utilities incurred during the covered 24-week period. The terms of the loan included interest at 1% per annum, with principal and interest payments beginning in fiscal year 2021.

# INDRALOKA ANIMAL SANCTUARY, INC.

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2020 AND 2019

The loan qualifies for forgiveness provided the proceeds are used for eligible expenses in the covered period and certain employee retention criteria are met. In accordance with FASB ASC 958-605, Indraloka accounted for the PPP loan as a conditional contribution. As the conditions of release were substantially met at December 31, 2020, Indraloka recognized the proceeds of the PPP loan as income in 2020. In March 2021, the loan was officially forgiven by the Small Business Administration.

#### NOTE 10 Functional allocation of expenses

Indraloka provides services locally, nationally, and globally through various in-person and digital platforms. Expenses related to providing these services for the year ended December 31, 2020:

	Program	Fundraising	General and Administrative	Total
Salaries and wages	\$ 414,424		\$ 46,047	\$ 460,471
Animal expense	206,581			206,581
Insurance	61,584		6,843	68,427
Educational program	50,342			50,342
Auto expenses	22,898		2,544	25,442
Utilities	30,041		3,338	33,379
Rent	24,211		2,690	26,901
Miscellaneous expenses	9,867		1,096	10,963
Travel and meals			651	651
Charitable contributions			580	580
Depreciation	20,369		2,263	22,632
Supplies	18,187	\$ 2,850	2,337	23,374
Other	17,284		1,340	18,624
	<u>\$ 875,789</u>	<u>\$ 2,850</u>	<u>\$ 69,730</u>	<u>\$ 948,367</u>

**INDRALOKA ANIMAL SANCTUARY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

Expenses related to providing these services for the year ended December 31, 2019:

	Program	Fundraising	General and Administrative	Total
Salaries and wages	\$ 407,874		\$ 45,319	\$ 453,193
Animal expense	215,599			215,599
Insurance	92,456		10,273	102,729
Educational program	56,121			56,121
Auto expenses	19,616		2,179	21,795
Utilities	26,405		2,934	29,339
Rent	22,372		2,486	24,858
Subcontractors	2,310			2,310
Miscellaneous expenses	5,725		636	6,361
Travel and meals			12,327	12,327
Charitable contributions			1,265	1,265
Depreciation	20,369		2,263	22,632
Supplies	48,020	\$ 36,504	9,391	93,915
Other	31,633		3,515	35,148
	<u>\$ 948,500</u>	<u>\$ 36,504</u>	<u>\$ 92,588</u>	<u>\$ 1,077,592</u>

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses directly related to the program, fundraising, or supporting services (general and administrative) are assigned to the program, fundraising or supporting service. The expenses that are allocated include salaries and wages and insurance, which are allocated on the basis of estimates of time and effort, as well as depreciation and rent, which are allocated on square footage basis. Auto expenses, utilities, miscellaneous, supplies and other are allocated based on estimates of usage.

**NOTE 11** Subsequent events

As discussed in Note 9, the Indralokas' Paycheck Protection Program loan of \$92,698 was forgiven by the Small Business Administration.

Indraloka has evaluated subsequent events through September 29, 2021, which is the date the financial statements were available to be issued.