

INDRALOKA ANIMAL SANCTUARY, INC.

**YEARS ENDED
DECEMBER 31, 2022 AND 2021**

INDRALOKA ANIMAL SANCTUARY, INC.
YEARS ENDED DECEMBER 31, 2022 AND 2021

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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.
Dalton, Pennsylvania

Opinion

We have audited the financial statements of Indraloka Animal Sanctuary, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Indraloka Animal Sanctuary, Inc. as of December 31, 2022 and 2021, 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.

Basis for Opinion

We have conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Indraloka Animal Sanctuary, Inc. 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.

Emphasis of Matter – Change in Accounting Principle

As described in Notes 1, 5 and 6 to the financial statements, in 2022, Indraloka Animal Sanctuary, Inc. changed its method of accounting for leases with the adoption of FASB ASU 2016-02 (ASC 842, *Leases*) and related ASU's. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 Indraloka Animal Sanctuary, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Indraloka Animal Sanctuary, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indraloka Animal Sanctuary, Inc.'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.

Kronick Kaluda Berg & Co

Kingston, Pennsylvania
November 6, 2023

INDRALOKA ANIMAL SANCTUARY, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	ASSETS	
	<u>2022</u>	<u>2021</u>
Cash	\$ 154,875	\$ 270,692
Contributions receivable	102,000	4,000
Property and equipment, net	<u>3,064,909</u>	<u>2,850,735</u>
Total assets	<u>\$ 3,321,784</u>	<u>\$ 3,125,427</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 20,674	\$ 31,005
Accrued liabilities	14,545	51,766
Deferred revenue	2,500	25,000
Long-term debt	<u>246,831</u>	<u>612,737</u>
Total liabilities	<u>284,550</u>	<u>720,508</u>
Net assets:		
Without donor restrictions	2,937,234	2,404,919
With donor restrictions	<u>100,000</u>	<u>-</u>
Total net assets	<u>3,037,234</u>	<u>2,404,919</u>
Total liabilities and net assets	<u>\$ 3,321,784</u>	<u>\$ 3,125,427</u>

See notes to financial statements

INDRALOKA ANIMAL SANCTUARY, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Change in net assets without donor restrictions:		
Support, revenues and gains:		
Contributions	\$ 957,261	\$ 735,616
In-kind contributions	98,929	247,676
Grants	147,510	140,445
Program income	32,260	11,673
Miscellaneous income	13,573	13,954
Loan forgiveness	498,950	-
Paycheck Protection Program Grant	-	97,850
Total support, revenues and gains without donor restrictions	<u>1,748,483</u>	<u>1,247,214</u>
Expenses:		
Salaries and wages	613,622	495,043
Animal expense	230,610	228,506
Depreciation	81,695	75,533
Professional fees	67,391	90,752
Miscellaneous expenses	52,633	19,470
Utilities	43,889	36,057
Insurance	37,612	49,678
Office expenses	20,887	14,301
Auto expenses	20,026	22,675
Advertising	18,610	103,450
Supplies	17,098	40,597
Travel and meals	6,512	19,969
Interest expense	4,311	5,128
Charitable contributions	1,272	930
Rent	-	16,954
Total expenses	<u>1,216,168</u>	<u>1,219,043</u>
Change in net assets without donor restrictions from operations	<u>532,315</u>	<u>28,171</u>
Other non-operating items, net:		
Net assets released from restriction, satisfaction of purpose restrictions	<u>-</u>	<u>250,405</u>
Change in net assets without donor restrictions	<u>532,315</u>	<u>278,576</u>
Changes in net assets with donor restrictions		
Contributions	100,000	-
Net assets released from restrictions	<u>-</u>	<u>(250,405)</u>
Change in net assets with donor restrictions	<u>100,000</u>	<u>(250,405)</u>
Increase in total net assets	<u>\$ 632,315</u>	<u>\$ 28,171</u>

See notes to financial statements

INDRALOKA ANIMAL SANCTUARY, INC.

STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	With Donor Restrictions	Without Donor Restrictions	Total
Net Assets, December 31, 2020	\$ 250,405	\$ 2,126,343	\$ 2,376,748
Increase (decrease) in total net assets	(250,405)	278,576	28,171
Net Assets, December 31, 2021	-	2,404,919	2,404,919
Increase in total net assets	100,000	532,315	632,315
Net Assets, December 31, 2022	\$ 100,000	\$ 2,937,234	\$ 3,037,234

See notes to financial statements

INDRALOKA ANIMAL SANCTUARY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Increase in net assets	\$ 632,315	\$ 28,171
Adjustments:		
Depreciation	81,695	75,533
Gain on extinguishment of debt, note payable	(498,950)	-
Vehicle exchanged as compensation	29,444	-
Changes in assets and liabilities:		
Contributions receivable	(98,000)	20,000
Accounts payable	(10,331)	(50,573)
Accrued liabilities	(1,008)	7,611
Deferred revenues	(22,500)	(42,800)
Net cash provided by operating activities	<u>112,665</u>	<u>37,942</u>
Cash used in investing activities, purchase of property and equipment	<u>(325,313)</u>	<u>(178,446)</u>
Cash flows from financing activities:		
Repayment of debt	(3,563)	-
Borrowings on long-term debt	100,394	-
Net cash provided by financing activities	<u>96,831</u>	<u>-</u>
Net decrease in cash	(115,817)	(140,504)
Cash, beginning	<u>270,692</u>	<u>411,196</u>
Cash, ending	<u>\$ 154,875</u>	<u>\$ 270,692</u>
Supplemental disclosure:		
Cash paid for interest	<u>\$ 4,311</u>	<u>\$ 5,128</u>

See notes to financial statements

INDRALOKA ANIMAL SANCTUARY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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. We report conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

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.

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.

INDRALOKA ANIMAL SANCTUARY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Contributions

We recognize contributions when cash, securities or other assets, or an unconditional promise to give 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.

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. Indraloka reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service or when collectible, if later.

Advertising

Advertising costs of \$18,610 and \$103,450 for the years ended December 31, 2022 and 2021, respectively, were charged to expense as incurred. These costs were an in-kind contribution.

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.

Deferred revenue amounted to \$67,800 at December 31, 2020.

Contributions receivable

Contributions receivable at December 31, 2022 and 2021 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 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.

INDRALOKA ANIMAL SANCTUARY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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. We do not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. For the years ended December 31, 2022 and 2021, Indraloka received animal supplies and other program products in the amounts of \$80,319 and \$144,226, respectively, and advertising in the amount of \$18,610 and \$103,450 for the years ended December 31, 2022 and 2021, respectively.

Contributed food, supplies, and advertising are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Contributed food and supplies are used in program services and contributed advertising is used for program services and development.

All gifts-in-kind received during the years ended December 31, 2022 and 2021 were unrestricted.

Property and equipment, net

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 has been recognized as exempt from income taxes under the Internal Revenue Code Section 501 (c)(3) and similar state statutes and, therefore, has no provision for income taxes. It is not a private foundation. Indraloka follows the guidance of Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertain income tax, which prescribes a threshold of more than likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities and management has concluded that no liability should be recorded related to uncertain tax positions taken at December 31, 2022 and 2021.

Reclassifications

Certain reclassifications have been made to the prior years financial statements in order for them to be in conformity with the current year presentations. The reclassifications had no impact on previously reported net assets.

INDRALOKA ANIMAL SANCTUARY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Paycheck Protection Program

Indraloka obtained a loan from a bank pursuant to the Paycheck Protection Program ("PPP") of the CARES Act. The loan qualified for forgiveness provided the proceeds were used for eligible expenses in the covered 24-week period and certain employee retention criteria were 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, Indraloka recognized the proceeds of the PPP loan as income in Paycheck Protection Program Grant. The loan was officially forgiven by the Small Business Administration.

Recently adopted accounting pronouncements

Effective January 1, 2022, Indraloka adopted FASB ASU 2016-02 (ASC, *Leases*) and related ASU's using the effective date method modified retrospective transition approach, which allows Indraloka to initially apply the new lease standard at the adoption date. Indraloka determines if an arrangement contains a lease at inception based on whether Indraloka has the right to control the asset during the contract period and other facts and circumstances. The new standard establishes a right of use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into increase in total net assets on a straight-line basis over the lease term. ASU 2016-02 requires lessors to classify leases as sales-type, direct financing, or operating. A lease will be treated as a sales-type lease if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as a direct financing lease. If the lessor does not convey risks and rewards or control, the lease is considered an operating lease. Indraloka elected the package of practical expedients permitted under the transition guidance within the new lease standard. This package includes the following: relief from determination of lease contracts including in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from the reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with our historical accounting treatment.

Indraloka elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases not to recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on the straight-line basis.

Indraloka elected the practical expedient to not separate lease and non-lease components for their lease.

Recent accounting pronouncements

The Financial Accounting Standards Board issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which supersedes accounting standards that currently exist under GAAP and provide methodology for measuring credit losses that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The standard also requires companies to disclose additional information, including expanded credit

INDRALOKA ANIMAL SANCTUARY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

quality disclosures. Indraloka will be required to apply the expected credit losses model for accounts receivable, related party receivables, loans and other financial instruments. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, and interim reporting periods within those fiscal years. Indraloka is evaluating the impact the pronouncement may have on the financial statements.

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, net

Property and equipment, net consists of the following:

	2022	2021
Land	\$ 710,000	\$ 710,000
Vehicles	119,487	111,896
Equipment, furniture and fixtures	94,312	94,748
Building	2,362,530	2,094,372
	3,286,329	3,011,016
Accumulated depreciation	221,420	160,281
	<u>\$ 3,064,909</u>	<u>\$ 2,850,735</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$81,695 and \$75,533, respectively.

NOTE 4 Long-term debt

Long-term debt consists of the following:

	2022	2021
Loan Payable, loan was forgiven in 2022.	\$ -	\$ 462,737
Loan Payable, monthly payments starting in January 2023 of \$868, including interest at 6.29%, with a balloon payment due in December 2027, secured by property.	100,394	-
Small Business Administration, monthly payments started in January 2022 of \$641, including interest of 2.75%, matures in June 2052, secured by tangible and intangible personal property	146,437	150,000
	246,831	612,737
	7,884	12,412
Less current portion		
Long-term debt	<u>\$ 238,947</u>	<u>\$ 600,325</u>

INDRALOKA ANIMAL SANCTUARY, INC.

NOTES TO FINANCIAL STATEMENTS

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During 2022, the loan payable was forgiven. Included in the statement of activities for 2022, is \$462,737 and \$36,213 of loan principal and accrued interest, respectively, as gain on debt forgiveness.

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

2023	\$	7,884
2024		8,259
2025		8,655
2026		9,073
2027		85,882
Thereafter		127,078
	\$	<u>246,831</u>

NOTE 5 Leasing activities

Leases as lessee

Indraloka leases vehicles under operating leases with third parties. Indraloka elected the short-term lease exemption for the lease of their vehicles that runs month-to-month not to recognize the asset and liability for the lease. Lease payments and the short-term lease is recognized on a straight-line basis. All Indraloka's leases are short-term.

The components of lease expenses are included in auto expenses on the Statements of Activities for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Short-term lease cost	<u>\$ 10,538</u>	<u>\$ 6,632</u>
Total operating lease cost	<u>\$ 10,538</u>	<u>\$ 6,632</u>

NOTE 6 Commitments and concentrations

Indraloka entered into a month-to-month lease agreement for its property with one of its Board of Director members. Indraloka was required to pay the utilities, insurance, repairs and real estate taxes relative to the property. The related party rental expense was approximately \$17,000 in 2021, respectively. The agreement was terminated in November 2021. For 2022 and 2021, approximately 45% and 50% of Indraloka's revenues are from one donor.

NOTE 7 Net assets with donor restrictions

Net assets with donor restrictions consisted of contributions of \$100,000 at December 31, 2022, which were restricted for a rescue veterinary clinic.

INDRALOKA ANIMAL SANCTUARY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Net assets released from restrictions consisted of contributions of \$250,405 which were restricted for the new building project. This amount was released from restrictions when the building was placed in service.

NOTE 8 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, 2022 and 2021:

December 31, 2022

Financial assets:

Cash	\$ 154,875
Contributions receivable	102,000
Financial assets at year end	<u>256,875</u>

Less those unavailable for general

expenditure within one year due to:

Restricted by donors with purpose restrictions	<u>(100,000)</u>
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Financial assets available to meet cash needs

for general expenditures within one year	<u>\$ 156,875</u>
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December 31, 2021

Financial assets:

Cash	\$ 270,692
Contributions receivable	<u>4,000</u>

Financial assets available to meet cash needs

for general expenditures within one year	<u>\$ 274,692</u>
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NOTE 9 Paycheck Protection Program

Indraloka obtained a \$97,850 PPP loan in March 2021. Funds from the loan were 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, if not forgiven. The loan qualified for forgiveness because the proceeds were used for eligible expenses in the covered periods and certain employee retention criteria were met. In accordance with FASB ASC 958-605, Indraloka accounted for the PPP loans as conditional contributions.

Indraloka submitted an application for forgiveness of the PPP loans. Both the Lender and SBA forgave 100% of the PPP loans in the amount of \$97,850 in February 2022. Indraloka recognized the proceeds of the PPP loans as income in 2021. Indraloka is not aware of or is anticipating any further review of the loan's forgiveness, but the loan itself and the forgiveness of the loan could be subject to further examination by the SBA or the Lender. If the decision to forgive the loan is reversed in part or whole, Indraloka will be required to repay the outstanding principal, along with accrued interest.

INDRALOKA ANIMAL SANCTUARY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 10 Functional allocational 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, 2022:

	Program	Fundraising	General and Administrative	Total
Salaries and wages	\$ 607,500		\$ 6,122	\$ 613,622
Animal expense	230,610			230,610
Other	79,450		8,828	88,278
Depreciation	73,525		8,170	81,695
Miscellaneous expenses	47,370		5,263	52,633
Utilities	39,500		4,389	43,889
Insurance	33,851		3,761	37,612
Auto expenses	18,023		2,003	20,026
Advertising	16,749		1,861	18,610
Supplies	13,336	\$ 2,052	1,710	17,098
Travel and meals			6,512	6,512
Interest expense	3,880		431	4,311
Charitable contributions			1,272	1,272
	<u>\$ 1,163,794</u>	<u>\$ 2,052</u>	<u>\$ 50,322</u>	<u>\$ 1,216,168</u>

Expenses related to providing these services for the year ended December 31, 2021:

	Program	Fundraising	General and Administrative	Total
Salaries and wages	\$ 445,539		\$ 49,504	\$ 495,043
Animal expense	228,506			228,506
Other	104,002		1,051	105,053
Advertising	93,105		10,345	103,450
Depreciation	67,980		7,553	75,533
Insurance	44,710		4,968	49,678
Supplies	31,665	\$ 4,872	4,060	40,597
Utilities	32,451		3,606	36,057
Auto expenses	20,407		2,268	22,675
Travel and meals			19,969	19,969
Miscellaneous expenses	17,523		1,947	19,470
Rent	15,259		1,695	16,954
Interest expense	4,615		513	5,128
Charitable contributions			930	930
	<u>\$ 1,105,762</u>	<u>\$ 4,872</u>	<u>\$ 108,409</u>	<u>\$ 1,219,043</u>

INDRALOKA ANIMAL SANCTUARY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Indraloka has evaluated subsequent events through November 6, 2023, which is the date the financial statements were available to be issued.