

ISKCON NEW VRINDABAN INC

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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ISKCON New Vrindaban Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees/ Directors of
ISKCON-NEW VRINDABAN INC.,
New Vrindaban, WV.

We have audited the accompanying financial statements of ISKCON-New Vrindaban Inc. , (A Not -for-Profit Organization) which comprise the statement of financial position as of December 31, 2016, and the related statement of activities and change in net assets, and cash flows for the period then ended, and the related notes to 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.

Auditor's 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 the 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 ISKCON-New Vrindaban Inc., as of December 31, 2016, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Ram Associates

Ram Associates
Hamilton, NJ
March 16, 2017

ISKCON NEW VRINDABAN, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016

ASSETS

Current assets:

Cash and cash equivalents	\$ 416,224
Other current assets	76,982
Total current assets	493,206

Property and equipment-net	4,941,811
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Total Assets	\$ 5,435,017
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LIABILITIES AND NET ASSETS

Current liabilities:

Current portion of term loan	\$ 8,800
Other current liabilities	218,769
Total current liabilities	227,569

Long-Term liabilities:

Term loan-net of current portion	682,769
Total current and long-term liabilities	910,338

Net assets:

Unrestricted	4,232,663
Temporarily restricted	292,016

Total Net assets	4,524,679
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Total Liabilities and Net assets	\$ 5,435,017
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ISKCON NEW VRINDABAN, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Puja services/general contributions	\$ 1,084,223	-	\$1,084,223
Interest income	365	-	365
Book sales	11,241	-	11,241
General donations-other non-profits	226,184	-	226,184
Rental income	497,199	-	497,199
Palace Gate-donations	173,516	-	173,516
Festival donations	97,201	-	97,201
Hundi donations	45,123	-	45,123
Restricted Donation	-	55,889	55,889
Food services	199,570	-	199,570
Others	97,927	-	97,927
Total support and revenue income	<u>2,432,549</u>	<u>55,889</u>	<u>2,488,438</u>
EXPENSES			
Program services:			
Charitable contributions	95,497	-	95,497
Puja, education and outreach expenses	71,752	-	71,752
Festival Expenses	2,615	-	2,615
Pilgrim Services	274,899	-	274,899
	<u>444,763</u>	<u>-</u>	<u>444,763</u>
Supporting Activities:			
General and administrative expenses	1,798,994	-	1,798,994
Fund-raising expenses	63,560	-	63,560
	<u>1,862,554</u>	<u>-</u>	<u>1,862,554</u>
Total expenses	<u>2,307,317</u>	<u>-</u>	<u>2,307,317</u>
Change in net assets before depreciation	<u>125,232</u>	<u>55,889</u>	<u>181,121</u>
Depreciation	<u>(246,383)</u>	<u>-</u>	<u>(246,383)</u>
CHANGE IN NET ASSETS	<u>(121,151)</u>	<u>55,889</u>	<u>(65,262)</u>
NET ASSETS AT BEGINNING OF THE YEAR	<u>4,353,814</u>	<u>236,127</u>	<u>4,589,941</u>
NET ASSETS AT END OF THE YEAR	<u>\$ 4,232,663</u>	<u>\$ 292,016</u>	<u>\$ 4,524,679</u>

- See accompanying notes and accountant's audit report-

ISKCON NEW VRINDABAN, INC.
STATEMENT OF CASH FLOWS

Year ended December 31, 2016

Cash flows from operating activities:	
Change in net assets	\$ (65,262)
Adjustment to reconcile, change in net assets to net cash provided (used) by operating activities:	
Depreciation	246,383
Changes in operating assets and liabilities	
(Increase) / Decrease in other current assets	(50,280)
Increase / (Decrease) in other liabilities	169,974
Total adjustments	<u>366,077</u>
Net cash provided by operating activities	<u>300,815</u>
Cash flows from investing activities:	
Purchase of fixed assets	<u>(1,685,256)</u>
Net cash used in investing activities	<u>(1,685,256)</u>
Cash flows from financing activities:	
Increase in Long term liability	<u>167,886</u>
Net cash provided by financing activities	<u>167,886</u>
Net (decrease) in cash	(1,216,555)
Cash at the beginning of the year	<u>1,632,779</u>
Cash at the end of the year	<u><u>\$ 416,224</u></u>
Supplementary disclosure of cash flows information	
Cash paid during the year for	
Interest	\$ 5,765
Income taxes paid	-

- See accompanying notes and accountant's audit report-

ISKCON NEW VRINDABAN, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. ORGANIZATION

ISKCON NEW VRINDABAN, INC., (INV) is a West Virginia non-profit corporation. The organization is exempted from income tax under section 501 C (3) of the Internal Revenue Code. INV was formed for the purpose of organizing, operating and maintaining as a place of worship and for the mutual and spiritual benefit of its members, as it may be constituted from time to time. Originally incorporated as ISKCON New Mathura Vrindaban, Inc. there was a change in name to ISKCON New Vrindaban Inc on December 13th, 2012.

ISKCON New Vrindaban Inc. is the first farm community founded in 1968 by disciples of the Founder Acharya of ISKCON, A.C. Bhaktivedanta Swami Prabhupada. Srila Prabhupada envisioned that New Vrindaban would focus on cow protection, sustainable agriculture, a simple village life style, a place of pilgrimage in the West, a place of higher learning as well as a place where people develop their love for Krishna. New Vrindaban currently hosts about 200 community members.

The Organization is governed by an independent, volunteer Board of Trustees/Directors who oversees the Organization's operations.

GENERAL ACTIVITIES:

Worship

Planning and conducting activities of worship and providing service to our local and global communities to address needs of the body, mind and spirit.

Spiritual Growth

To help organization members grow in faith and Krishna consciousness.

Pilgrims and visitors services:

Apart from spiritual services, temple is also providing accommodation and feeding facilities to Pilgrims and visitors.

ISKCON NEW VRINDABAN, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

FINANCIAL STATEMENT PRESENTATION

The organization reports information regarding its financials positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

SUPPORT AND REVENUE

Contributions received are measured at their fair values on the date of donation and are reported as an increase in net assets. The organization 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, or if they are designated as support for future periods. 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 revenues expenses of revenues and changes in fund balance as net assets released from restrictions. There are no permanently restricted funds in the organization as on December 31, 2016.

The Organization receives a variety of volunteer services. The value of these services and support is not reflected in these statements as such services are not susceptible to objective measurements or valuation.

ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at end date of the financial statements and the

ISKCON NEW VRINDABAN, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the financial statements, the Organization considers all cash and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. From time to time during the year, the Organization's cash balance in the financials has exceeded the FDIC insurance limits. At December 31, 2016, the Organization has deposits with financial institutions/banks that exceeded FDIC insurance limit.

FEDERAL INCOME TAXES

The organization is exempt from Federal income tax under Section 503(C) (3) of the Internal Revenue Code. Therefore no provisions have been made for Federal income taxes in the accompanying financial statements.

3. PROPERTY AND EQUIPEMENT

Property and equipment valued at \$1,000 or greater are recorded at cost or if donated at the approximate fair value at the date of donation. Fixed assets are depreciated on a straight- line basis over their estimated useful lives as follows:

Building	40 years
Parsonage	25 years
Building Improvements	20 years
Furniture, pianos and organ	7 years
Equipment and vehicles	3-7 years

ISKCON NEW VRINDABAN, INC
NOTES TO FINANCIAL STATEMENTS
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Property and equipment consists of:

Non-depreciable assets:

Land	\$ 882,942
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Depreciable Assets:

Temple building	962,822
Old Vrindaban buildings	112,751
Maintenance and Construction building	120,550
Other buildings, roads & parking lots	6,531,120
Sewage plant	209,640
Trucks & tractors	145,337
Autos & Vans	20,310
Equipment & Tools	250,615
Cows	47,700
Palace Gift Shop	13,486
Gas Tank	13,326
Furniture & Fixtures	69,879
Machinery & other equipment	211,081
Software	10,995
Land Mineral Rights	40,000
Total Depreciable Assets	8,759,612
Less: Accumulated depreciation	<u>(5,685,170)</u>
Net Assets	<u>\$3,074,442</u>

Assets under construction:

Palace Project	\$ 714,778
Yoga Platform	59,358
Lodge 9 Rooms Project	<u>210,291</u>
	\$ 984,427
Total Assets	<u>\$ 4,941,811</u>

The depreciation expense for the year ended December 31, 2016 was \$246,383.

ISKCON NEW VRINDABAN, INC
NOTES TO FINANCIAL STATEMENTS
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4. TEMPORARILY RESTRICTED NET ASSET

Internally the Board has temporarily restricted net assets of \$292,016 as below:

Special Projects (major improvements to old buildings)	\$236,127
Yoga Platform	55,889

5. LEGAL SETTLEMENTS AND PROCEEDINGS

The organization has expensed all legal cost as incurred. The organization had only one open legal matter as of December 31, 2016 with regards to a contract termination of an employee. The organization has subsequently settled the matter with employee and paid necessary compensation. Appropriate provision has been made in books towards the claim.

6. IN-KIND SUPPORT

The Organization receives donations from a variety of sources for services and gifts in the furtherance of its objectives. The in-kind support consists of gold, jewellery, cloths and other gifts. In-kind support is recorded at its fair value on the date of donation. However the voluntary services of devotees are not valued by the Organization as these services are not material.

7. LONG-TERM DEBT

The organization has received from ECO-Vrindaban Inc. total \$ 691,569 as long-term loan (including current portion) which is outstanding and payable to ECO-Vrindaban, Inc. The loan has been received for various projects currently undertaken by the organization and below is a summary of the various loans.

- a) Term Loan of \$41,476 availed for renovation project.
- b) New Apartment construction loan. Total loan sanctioned \$655,000, of which \$200,000 is utilized as on December 31, 2016 and remaining balance will be utilized over a period of construction. The loan carries annual interest rate of 4.50% on outstanding balance. Interest will be accrued and paid after the completion of construction and the principle will be repaid over 29 years.

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- c) Royalty sharing loan of \$307,978. The loan carries no interest and has to be repaid when ISKCON Vrindaban has 117 net mineral acres under royalty production. There is no commencement of production and the organization expects production to begin in 2017, accordingly the first repayment may happen from 2018. The payback of loan is based on 25% of the royalties received from royalties greater than 117 net mineral acres.
- d) ECO-V Bahulaban loan of \$142,115 repayable after 5 years.

Loan repayment schedule for the above loan is as follows:

Year	Loan (a)	Loan (b)	Loan (c)	Loan (d)	Total
2017	\$18,000	\$6,897	-	\$28,423	\$114,916
2018	18,000	6,897	61,596	28,423	114,916
2019	5,476	6,897	61,596	28,423	102,392
2020	-	6,897	61,596	28,423	96,916
2021 and thereafter	-	172,412	123,192	28,423	262,429
	\$41,476	\$200,000	\$307,978	\$142,115	\$691,569

8. RECENT ACCOUNTING PRONOUNCEMENT:

- i) In August 2014, the Financial Accounting Standards Board (“FASB”) issued amended guidance related to disclosure of uncertainties about an entity’s ability to continue as a going concern. The new guidance requires management to evaluate whether there is substantial doubt about the entity’s ability to continue as a going concern and, as necessary, to provide related footnote disclosures. The guidance has an effective date of December 31, 2016. The Organization believes that the adoption of this new standard will not have a material impact on its consolidated financial statements.
- ii) In January 2015, the Financial Accounting Standards Board, or FASB, issued Accounting Standard Update, or ASU, 2015-01-*Income Statement-Extraordinary and Unusual Items*, which seeks to simplify income statement presentation by eliminating the concept of Extraordinary Items. This Update eliminates from GAAP the concept of extraordinary items. Subtopic 225-20, Income

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Statement—Extraordinary and Unusual Items, required that an entity separately classify, present, and disclose extraordinary events and transactions. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption.

9. SUBSEQUENT EVENTS:

The Company has evaluated other subsequent events through the date which the financial statements were available to be issued. No reportable subsequent events have occurred through the issue date which would have a significant effect on the financial statements as of December 31, 2016, except as otherwise disclosed.

