

ISKCON NEW VRINDABAN INC

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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ISKCON New Vrindaban Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ISKCON-New Vrindaban Inc
New Vrindaban, WV

We have audited the accompanying financial statements of ISKCON-NEW VRINDABAN INC (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities 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.

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 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 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 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, 2018 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.

Ram Associates

Ram Associates
Hamilton, NJ
February 15, 2019

ISKCON NEW VRINDABAN, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 846,941
Certificate of deposits	352,489
Other current assets	62,887
Total current assets	1,262,317

Property and equipment-net 5,383,774

Total Assets \$ 6,646,091

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts Payable	\$ 22,740
Current portion of term loan	9,976
Other current liabilities	269,836
Total current liabilities	302,552

Long-Term liabilities:

Term loan-net of current portion	1,188,359
Total current and long-term liabilities	1,490,911

Net assets:

Unrestricted	5,155,180
Total Net assets	5,155,180

Total Liabilities and Net assets \$ 6,646,091

ISKCON NEW VRINDABAN, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Puja services/general contributions	\$ 1,497,169	-	\$ 1,497,169
Interest income	2,604	-	2,604
Book sales	6,565	-	6,565
General donations-other non-profits	66,225	-	66,225
Rental income	606,849	-	606,849
Palace gate-donations	169,198	-	169,198
Festival donations	46,693	-	46,693
Hundi donations	78,870	-	78,870
Food services	275,204	-	275,204
Others	789,231	-	789,231
Net assets released from restrictions	-	-	-
Total support and revenue income	<u>3,538,609</u>	<u>-</u>	<u>3,538,609</u>
EXPENSES			
Program services:			
Preaching Expenses	371,766	-	371,766
Charitable Contributions	69,500	-	69,500
Temple Worship services	611,588	-	611,588
Festival expenses	122,459	-	122,459
Pilgrim Services	980,043	-	980,043
Community services	13,448	-	13,448
Distribution of Spiritual literature	19,631	-	19,631
	<u>2,188,435</u>	<u>-</u>	<u>2,188,435</u>
Supporting Activities:			
General and administrative expenses	465,784	-	465,784
Fund-raising expenses	91,738	-	91,738
	<u>557,522</u>	<u>-</u>	<u>557,522</u>
Total expenses	<u>2,745,957</u>	<u>-</u>	<u>2,745,957</u>
Change in net assets before depreciation	<u>792,652</u>	<u>-</u>	<u>792,652</u>
Depreciation	<u>(379,242)</u>	<u>-</u>	<u>(379,242)</u>
Change in net assets	<u>413,410</u>	<u>-</u>	<u>413,410</u>
Net assets at beginning of the year	<u>4,316,424</u>	<u>425,346</u>	<u>4,741,770</u>
Transfer from temporarily restricted	<u>425,346</u>	<u>(425,346)</u>	<u>-</u>
Net assets at end of the year	<u>\$ 5,155,180</u>	<u>\$ -</u>	<u>\$ 5,155,180</u>

- See accompanying notes and independent accountant's audit report-

ISKCON NEW VRINDABAN, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2018

Cash flows from operating activities:	
Change in net assets	\$ 413,410
Adjustment to reconcile, change in net assets to net cash provided (used) by operating activities:	
Depreciation	379,242
Changes in operating assets and liabilities	
(Increase) / Decrease in other current assets	(351,014)
Increase / (Decrease) in accounts payable	11,725
Increase / (Decrease) in other liabilities	127,659
Total adjustments	<u>167,613</u>
Net cash provided by operating activities	<u>581,022</u>
Cash flows from investing activities:	
Purchase of fixed assets	<u>(446,970)</u>
Net cash used in investing activities	<u>(446,970)</u>
Cash flows from financing activities:	
Increase in long term liability	<u>53,047</u>
Net cash provided by financing activities	<u>53,047</u>
Net (decrease) in cash and cash equivalents	187,099
Cash at the beginning of the year	<u>659,842</u>
Cash at the end of the year	<u><u>\$ 846,941</u></u>
Supplementary disclosure of cash flows information	
Cash paid during the year for	
Interest	\$ 32,722
Income taxes paid	-

- See accompanying notes and independent accountant's audit report-

ISKCON NEW VRINDABAN, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 13, 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.

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).

ISKCON NEW VRINDABAN, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018.

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.

USE OF 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 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, 2018, the Organization has deposits with financial institutions/banks that exceeded FDIC insurance limit.

ISKCON NEW VRINDABAN, INC
NOTES TO FINANCIAL STATEMENTS
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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

Property and equipment consists of:

Non-depreciable assets:

Land	\$ 902,034
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Depreciable Assets:

Temple building	\$ 1,008,601
Old Vrindaban buildings	112,751
Visnu's Workshop	149,780
Other buildings, roads and parking lots	6,883,807
Sewage plant	209,640
Trucks and tractors	145,337
Autos and vans	53,918
Equipment and tools	289,336
Cows	47,700
Palace gift shop	13,486
Gas tank	13,364
Furniture and fixtures	88,651
Machinery and other equipment	222,456
Software	10,995
Palace project	714,778
Lodge 9 rooms	210,291

ISKCON NEW VRINDABAN, INC
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Children playground	34,923
Yoga platform	254,751
Building improvements	333,810
Land mineral rights	<u>66,160</u>
Total Depreciable Assets	11,766,569
Less: Accumulated depreciation	<u>(6,382,795)</u>
Net Assets	<u>\$ 5,383,774</u>

The depreciation expense for the year ended December 31, 2018 was \$379,242.

4. 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.

5. LONG-TERM DEBT

The organization has received from ECO-Vrindaban Inc. a total \$1,198,335 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 \$9,976 is an operational loan, repaid at \$1500 per month.
- b) ISKCON New Vrindaban Apartment construction loan. Total loan sanctioned, and disbursed amount was \$655,000 with an annual interest rate of 4.50% on outstanding balance. The Organization continues to repay the loan and the balance outstanding as of December 31, 2018 is \$635,993.
- c) Royalty sharing loan of \$410,252. The loan carries no interest and must 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 2019, accordingly the first repayment may happen from 2020. 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 loans is as follows:

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<u>Year</u>	<u>Loan</u> <u>(a)</u>	<u>Loan</u> <u>(b)</u>	<u>Loan</u> <u>(c)</u>	<u>Loan</u> <u>(d)</u>	<u>Total</u>
2019	9,976	6,897	61,596	28,423	102,392
2020	-	6,897	61,596	28,423	96,916
2021	-	6,897	61,596	28,423	96,916
2022	-	6,897	61,596	28,423	96,916
2023 and thereafter	-	608,405	163,868	28,423	640,756
	<u>\$9,976</u>	<u>\$635,993</u>	<u>\$410,252</u>	<u>142,115</u>	<u>\$1,198,335</u>

6. FAIR VALUE MEASUREMENTS

The Organization applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2018:

	Level 1	Level 2	Level 3
Money Market Funds	\$ -	\$ -	\$ -
Equities	-	-	-
Fixed Income	-	352,489	-
Total	\$ -	\$ 352,489	\$ -

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7. LEGAL MATTERS:

An ex-employee has filed a discrimination case against the Organization with Equal Employment Commission. The matter stands before the West Virginia Human Rights Commission and the Organization has replied to the Human Rights Commission denying any liability. The Human Rights Commission is yet to give its ruling. The Organization believes that no contingent liability needs to be recognized based on the facts of the case.

The Organization expenses all legal cost as incurred.

8. SUBSEQUENT EVENTS:

The Organization has evaluated other subsequent events through February 15, 2019, the date which the financial statements were available to be issued. No reportable subsequent events have occurred through February 15, 2019 the issue date which would have a significant effect on the financial statements as of December 31, 2018 balance sheet date, except as otherwise disclosed.