

**INTERNATIONAL SOCIETY FOR KRISHNA  
CONSCIOUSNESS OF WASHINGTON**

Reviewed Financial Statements  
December 31, 2020 and 2019

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
International Society for Krishna Consciousness  
of Washington  
Sammamish, Washington

We have reviewed the accompanying financial statements of International Society for Krishna Consciousness (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2020 and 2019 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Greenwood Ohlund*

Seattle, Washington  
May 24, 2021

**INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS OF WASHINGTON**

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 1,484,362	\$ 903,930
Investments	166,933	145,080
Prepaid expenses and other assets	<u>30,000</u>	<u>24,219</u>
Total current assets	1,681,295	1,073,229
Property and Equipment, net	<u>9,116,101</u>	<u>9,223,245</u>
Total assets	<u><u>\$ 10,797,396</u></u>	<u><u>\$ 10,296,474</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 36,368	\$ 46,973
Notes payable, current portion	<u>141,273</u>	<u>171,775</u>
Total current liabilities	177,641	218,748
Tenant Security Deposit	10,775	10,775
Notes Payable, less current portion	<u>3,667,186</u>	<u>3,658,459</u>
Total liabilities	3,855,602	3,887,982
Net Assets without Donor Restrictions	<u>6,941,794</u>	<u>6,408,492</u>
Total liabilities and net assets	<u><u>\$ 10,797,396</u></u>	<u><u>\$ 10,296,474</u></u>

*See accompanying notes and independent accountant's review report.*

# INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS OF WASHINGTON

## STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Public Support and Revenue		
Contributions	\$ 1,299,989	\$ 1,473,037
In-kind contributions	150,000	150,000
Rental income	152,030	147,989
Investment return	16,656	8,758
Other	19	2,200
	<u>1,618,694</u>	<u>1,781,984</u>
Total public support and revenue		
Expenses		
Program services	917,526	1,390,607
Management and general	167,866	168,675
	<u>1,085,392</u>	<u>1,559,282</u>
Total expenses		
<b>Change in net assets</b>	<b>533,302</b>	<b>222,702</b>
Net Assets without Donor Restrictions, beginning of year	<u>6,408,492</u>	<u>6,185,790</u>
Net Assets without Donor Restrictions, end of year	<u>\$ 6,941,794</u>	<u>\$ 6,408,492</u>

*See accompanying notes and independent accountant's review report.*

**INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS OF WASHINGTON**

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Programs and events	\$ 244,862	\$ 30	\$ 244,892	\$ 533,437	\$ 899	\$ 534,336
Depreciation	164,446	41,112	205,558	167,151	41,788	208,939
In-kind salaries	120,000	30,000	150,000	120,000	30,000	150,000
Interest	112,836	-	112,836	206,788	-	206,788
Occupancy	68,491	29,613	98,104	76,660	18,374	95,034
Maintenance and repair	40,098	31,448	71,546	74,950	47,802	122,752
Supplies	37,886	2,825	40,711	63,739	7,618	71,357
Miscellaneous	8,498	22,954	31,452	19,134	6,761	25,895
Bank fees	27,656	-	27,656	17,137	-	17,137
Taxes and bank charges	20,411	5,102	25,513	28,717	7,178	35,895
Insurance	14,986	3,745	18,731	12,593	3,147	15,740
Professional services	15,447	-	15,447	31,106	-	31,106
Dues and subscriptions	14,821	-	14,821	8,190	-	8,190
Contract services	14,821	-	14,821	2,021	-	2,021
Travel	6,547	1,037	7,584	8,768	2,655	11,423
Advertising and promotion	4,515	-	4,515	17,880	-	17,880
Telephone and internet	1,205	-	1,205	2,336	2,453	4,789
	<u>\$ 917,526</u>	<u>\$ 167,866</u>	<u>\$ 1,085,392</u>	<u>\$ 1,390,607</u>	<u>\$ 168,675</u>	<u>\$ 1,559,282</u>

*See accompanying notes and independent accountant's review report.*

**INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS OF WASHINGTON**

STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 533,302	\$ 222,702
Adjustments to reconcile change in net assets to net cash flows from operations		
Depreciation	205,558	208,939
Realized and unrealized gain on investments	(14,965)	(5,688)
Change in operating assets and liabilities		
Rent receivable	-	34,528
Prepaid expenses and other assets	(5,781)	(14,219)
Accounts payable	<u>(10,605)</u>	<u>17,096</u>
Net cash flows from operating activities	707,509	463,358
Cash Flows from Investing Activities		
Purchases of investments	(6,888)	(2,358)
Purchases of property and equipment	<u>(98,414)</u>	<u>(73,799)</u>
Net cash flows from investing activities	(105,302)	(76,157)
Cash Flows from Financing Activities		
Issuance of note payable	150,000	-
Payment of notes payable	<u>(171,775)</u>	<u>(95,321)</u>
Net cash flows from investing activities	<u>(21,775)</u>	<u>(95,321)</u>
<b>Net change in cash and cash equivalents</b>	<b>580,432</b>	<b>291,880</b>
Cash and Cash Equivalents, beginning of the year	<u>903,930</u>	<u>612,050</u>
Cash and Cash Equivalents, end of the year	<u>\$ 1,484,362</u>	<u>\$ 903,930</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid on a cash basis	<u>\$ 112,836</u>	<u>\$ 206,788</u>

*See accompanying notes and independent accountant's review report.*

# INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS OF WASHINGTON

## NOTES TO FINANCIAL STATEMENTS

### **Note 1 – Organization and Summary of Significant Accounting Policies**

#### *Organization*

International Society for Krishna Consciousness of Washington (the Society) is a Washington nonprofit corporation established in 1971 to educate all peoples in the techniques of spiritual life in order to check the imbalance of values in life and to achieve real unity and peace in the world. The Society seeks to propagate a consciousness of Krishna as it is revealed in the Bhagavad-Gita As It Is, Srimad Bhagavatam, and other authentic Vedic literature. The Society operates the Vedic Cultural Center (the Center) in Sammamish, Washington, which provides facilities for the greater Seattle community to participate in cultural events, seminars, exhibits, and festivals that help preserve and promote the traditional Vedic arts, cuisine, music, dance, drama, literature, and languages. Over 500 people attend services and events at the Center weekly, and the festivals attract between 5,000 and 25,000 individuals. In addition to religious services, the Center also provides meals on wheels to seniors, provides programs for teens, and distributes free food at the Center for anyone in need.

The Society's primary source of revenue is contributions from individuals.

#### *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 certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

#### *Financial Statement Presentation*

The Society reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor 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. Expirations of donor restrictions on net assets (the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the year in which the contributions are recognized. There were no net assets with donor restrictions at December 31, 2020 or 2019.

#### *Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Society considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Society may at times hold cash and cash equivalents in excess of federally insured limits.

Certain cash and cash equivalents are sometimes comingled with investments and are therefore classified as investments (see below).



# INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS OF WASHINGTON

## NOTES TO FINANCIAL STATEMENTS

### *Fair Value Measurements*

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

### *Investments*

The Society accounts for investments at fair value using Level 1 inputs (in this case, quoted prices in active markets). Realized or unrealized gains and losses are included in the change in net assets.

Investments consist of the following at December 31:

	2020	2019
Money market funds	\$ 126,128	\$ 125,714
Common stock	40,805	19,366
	<u>\$ 166,933</u>	<u>\$ 145,080</u>

Investment return is reported on the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

### *Property and Equipment*

The Society's current capitalization policy is to capitalize all assets with an estimated service life that exceeds one year and with a cost greater than \$2,500. Assets are valued at cost, if purchased, or at fair value, if contributed. Depreciation of fixed assets is provided over the estimated service lives of the respective assets on the straight-line basis. Service lives range between 5 and 40 years. The cost of maintenance and repairs is charged to expense as incurred.

### *Support and Revenue*

Contribution revenue is recognized when an unconditional pledge is made. The Society does not consider pledges from its congregation to be an unconditional pledge since there is high uncertainty regarding collectibility, as individuals may leave the congregation at any time or not pay at all. Therefore, for these types of pledges, the Society does not recognize revenue until cash or other assets are received.

# INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS OF WASHINGTON

## NOTES TO FINANCIAL STATEMENTS

The Society leases farmland in Auburn to a tenant and office space in Bellevue to a tenant on a month-to-month basis. Rental income is recognized ratably over the terms of the leases.

### *Donated Goods and Services*

A substantial number of volunteers, including the members of the Board of Directors, have made significant contributions of time to the Society. The value of this contributed time does not meet the criteria for recognition under current accounting standards and, accordingly, is not reflected in the accompanying financial statements.

Additionally, the Society receives contributions of management and accounting-related services. Donated professional services totaled \$150,000 for both years ended December 31, 2020 and 2019 and are shown as in-kind contributions in the statements of activities based on the fair value of services provided.

### *Functional Allocation of Expenses*

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Depreciation, occupancy, and repairs and maintenance are allocated based on square footage of the Society's property. All other expenses that are attributed to more than one program or supporting function are generally allocated based on estimated time and effort.

### *Fundraising Costs*

The Society does not maintain accounts for its fundraising costs nor for that portion of activities with a fundraising component. In management's opinion, such costs are not material to the financial statements.

### *Income Taxes*

The Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Society qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Society is subject to tax on unrelated debt-financed rental income.

### *Subsequent Events*

The Society has evaluated subsequent events through the date these financial statements were available to be issued, which was May 24, 2021.

# INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS OF WASHINGTON

## NOTES TO FINANCIAL STATEMENTS

### Note 2 – Liquidity and Availability of Resources

The Society strives to maintain liquid assets sufficient to cover 90 days of general expenditures. All investments are available for liquidation to meet upcoming cash needs.

The following table reflects the Society's financial assets as of December 31, 2020 and 2019, available to meet general expenditures within one year of the statement of financial position date.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,484,362	\$ 903,930
Investments	<u>166,933</u>	<u>145,080</u>
	<u>\$ 1,651,295</u>	<u>\$ 1,049,010</u>

### Note 3 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Computers	\$ 8,930	\$ 8,930
Furniture and equipment	413,768	403,168
Buildings	<u>7,479,122</u>	<u>7,479,122</u>
	7,901,820	7,891,220
Less: accumulated depreciation	<u>(2,117,604)</u>	<u>(1,912,046)</u>
	5,784,216	5,979,174
Buildings - construction in progress	87,814	-
Land	<u>3,244,071</u>	<u>3,244,071</u>
	<u>\$ 9,116,101</u>	<u>\$ 9,223,245</u>

Construction in progress at December 31, 2020 consists of various renovations. The Society has construction commitments of \$554,709 outstanding at December 31, 2020 related to this construction.

# INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS OF WASHINGTON

## NOTES TO FINANCIAL STATEMENTS

### Note 4 – Notes Payable

The Society has the following notes payable at December 31:

	2020	2019
Loan payable to a bank, secured by the property purchased (with a carrying value of \$4,799,493 at December 31, 2020) and assignment of rents. The loan bears interest at a fixed rate of 3.79% with monthly principal and interest payments of \$19,279 through maturity of August 28, 2023, when all outstanding interest and principal is due.	\$ 2,923,876	\$ 3,078,570
Loan payable to a bank, secured by the property purchased (with a carrying value of \$726,746 at December 31, 2020). The loan bears interest at a fixed rate of 3.99% until March 24, 2025, when the rate adjusts to the five-year treasury rate plus 3.00% (fixed) through maturity of May 24, 2028. Monthly principal and interest payments are \$3,337 through March 24, 2025, and adjust to \$3,436 through the maturity date, when all outstanding interest and principal is due.	534,583	551,664
Unsecured loan payable to an individual. No interest or principal payments were due until the maturity date of August 21, 2015. The loan bore interest at a fixed rate of 3% until the maturity date. After the maturity date, the loan bore interest at a fixed rate of 5% through December 31, 2015, and 0% thereafter. The loan balance is still outstanding as of December 31, 2020. The Society expects to pay off the loan balance in full in 2022 unless the balance is forgiven by the lender.	200,000	200,000
Loan payable to the Small Business Administration under the Economic Injury Disaster Loan program, secured by generally all assets. Monthly principal and interest payments of \$641 are due beginning August 5, 2021 through maturity of August 5, 2051. Interest is fixed at 2.75%.	150,000	-
	3,808,459	3,830,234
Less: current portion	(141,273)	(171,775)
	\$ 3,667,186	\$ 3,658,459

Certain loans contain financial covenants with which the Society must comply. These financial covenants include a debt service coverage ratio and a working capital threshold. The Society was in compliance with these covenants at December 31, 2020 and 2019.

# INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS OF WASHINGTON

## NOTES TO FINANCIAL STATEMENTS

Future minimum principal payments on the Society's notes payable are as follows the years ending December 31:

2021	\$	141,273
2022		350,306
2023		2,699,223
2024		25,297
2025		27,286
Thereafter		<u>565,074</u>
	\$	<u><u>3,808,459</u></u>