

**INTERNATIONAL SOCIETY FOR KRISHNA  
CONSCIOUSNESS OF WASHINGTON**

Reviewed Financial Statements  
December 31, 2021 and 2020

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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 of Washington (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

We are required to be independent of International Society for Krishna Consciousness of Washington and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying 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  
November 1, 2022

# INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS OF WASHINGTON

## STATEMENTS OF FINANCIAL POSITION December 31, 2021 and 2020

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents	\$ 1,730,091	\$ 1,484,362
Investments	204,062	166,933
Prepaid expenses and other assets	16,000	30,000
Total current assets	1,950,153	1,681,295
Property and Equipment, net	9,118,628	9,116,101
Total assets	<u>\$ 11,068,781</u>	<u>\$ 10,797,396</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 45,904	\$ 36,368
Notes payable, current portion	350,306	141,273
Total current liabilities	396,210	177,641
Tenant Security Deposit	-	10,775
Notes Payable, less current portion	3,346,405	3,667,186
Total liabilities	3,742,615	3,855,602
Net Assets without Donor Restrictions	7,326,166	6,941,794
Total liabilities and net assets	<u>\$ 11,068,781</u>	<u>\$ 10,797,396</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Public Support and Revenue		
Contributions	\$ 1,356,596	\$ 1,299,989
In-kind contributions	150,000	150,000
Rental income	-	152,030
Investment return	6,405	16,656
Other	10,775	19
	<u>1,523,776</u>	<u>1,618,694</u>
Total public support and revenue	1,523,776	1,618,694
Expenses		
Program services	931,843	917,526
Management and general	207,561	167,866
	<u>1,139,404</u>	<u>1,085,392</u>
Total expenses	1,139,404	1,085,392
<b>Change in net assets</b>	<b>384,372</b>	<b>533,302</b>
Net Assets without Donor Restrictions, beginning of year	<u>6,941,794</u>	<u>6,408,492</u>
Net Assets without Donor Restrictions, end of year	<u>\$ 7,326,166</u>	<u>\$ 6,941,794</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, 2021 and 2020

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Programs and events	\$ 273,172	\$ -	\$ 273,172	\$ 244,862	\$ 30	\$ 244,892
Salaries and taxes	204,710	30,000	234,710	120,000	30,000	150,000
Depreciation	166,142	41,536	207,678	164,446	41,112	205,558
Interest	132,724	-	132,724	112,836	-	112,836
Occupancy	73,505	39,703	113,208	68,491	29,613	98,104
Maintenance and repair	40,926	3,604	44,530	40,098	31,448	71,546
Professional services	-	36,111	36,111	15,447	-	15,447
Taxes and bank charges	-	32,614	32,614	20,411	5,102	25,513
Miscellaneous	3,653	20,919	24,572	8,498	22,954	31,452
Insurance	19,492	-	19,492	14,986	3,745	18,731
Supplies	14,118	3,074	17,192	37,886	2,825	40,711
Dues and subscriptions	1,784	-	1,784	14,821	-	14,821
Contract services	1,000	-	1,000	14,821	-	14,821
Travel	345	-	345	6,547	1,037	7,584
Telephone and internet	272	-	272	1,205	-	1,205
Bank fees	-	-	-	27,656	-	27,656
Advertising and promotion	-	-	-	4,515	-	4,515
	<u>\$ 931,843</u>	<u>\$ 207,561</u>	<u>\$ 1,139,404</u>	<u>\$ 917,526</u>	<u>\$ 167,866</u>	<u>\$ 1,085,392</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, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 384,372	\$ 533,302
Adjustments to reconcile change in net assets to net cash flows from operations		
Depreciation	207,678	205,558
Realized and unrealized gain on investments	(5,612)	(14,965)
Change in operating assets and liabilities		
Prepaid expenses and other assets	14,000	(5,781)
Accounts payable	9,536	(10,605)
Temant security deposit	(10,775)	-
	599,199	707,509
Net cash flows from operating activities	599,199	707,509
Cash Flows from Investing Activities		
Purchases of investments	(31,517)	(6,888)
Purchases of property and equipment	(210,205)	(98,414)
	(241,722)	(105,302)
Net cash flows from investing activities	(241,722)	(105,302)
Cash Flows from Financing Activities		
Issuance of note payable	150,000	150,000
Payment of notes payable	(261,748)	(171,775)
	(111,748)	(21,775)
Net cash flows from investing activities	(111,748)	(21,775)
<b>Net change in cash and cash equivalents</b>	<b>245,729</b>	<b>580,432</b>
Cash and Cash Equivalents, beginning of the year	1,484,362	903,930
Cash and Cash Equivalents, end of the year	\$ 1,730,091	\$ 1,484,362
Supplemental Disclosure of Cash Flow Information		
Interest paid on a cash basis	\$ 132,724	\$ 112,836

*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, 2021 or 2020.

#### *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:

	2021	2020
Money market funds	\$ 139,139	\$ 126,128
Common stock	64,923	40,805
	<u>\$ 204,062</u>	<u>\$ 166,933</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 leased farmland in Auburn to a tenant and office space in Bellevue to a tenant on a month-to-month basis through December 2020. 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 each of the years ended December 31, 2021 and 2020 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 November 1, 2022.

## **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.

# INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS OF WASHINGTON

## NOTES TO FINANCIAL STATEMENTS

The following table reflects the Society's financial assets as of December 31, 2021 and 2020, available to meet general expenditures within one year of the statement of financial position date.

	2021	2020
Cash and cash equivalents	\$ 1,730,091	\$ 1,484,362
Investments	204,062	166,933
	\$ 1,934,153	\$ 1,651,295

### **Note 3 – Property and Equipment**

Property and equipment consist of the following at December 31:

	2021	2020
Computers	\$ 8,930	\$ 8,930
Furniture and equipment	405,974	413,768
Buildings	7,479,122	7,479,122
	7,894,026	7,901,820
Less: accumulated depreciation	(2,317,488)	(2,117,604)
	5,576,538	5,784,216
Buildings - construction in progress	298,019	87,814
Land	3,244,071	3,244,071
	\$ 9,118,628	\$ 9,116,101

Construction in progress at December 31, 2021 consists of various renovations. The Society has construction commitments of \$344,507 outstanding at December 31, 2021 related to this construction.

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# 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:

	2021	2020
<p>Loan payable to a bank, secured by the property purchased (with a carrying value of \$4,942,901 at December 31, 2021) 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.</p>	\$ 2,830,763	\$ 2,923,876
<p>Loan payable to a bank, secured by the property purchased (with a carrying value of \$721,238 at December 31, 2021). 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. This loan requires certain financial covenants including a debt service coverage ratio and a working capital threshold. The Society was in compliance with these covenants at December 31, 2021 and 2020.</p>	515,948	534,583
<p>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, 2021. The Society expects to pay off the loan balance in full in 2023 unless the balance is forgiven by the lender.</p>	200,000	200,000
<p>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 in 2022 through maturity of August 5, 2051. Interest is fixed at 2.75%.</p>	150,000	150,000
<p style="padding-left: 40px;">Less: current portion</p>	3,696,711 <u>(350,306)</u>	3,808,459 <u>(141,273)</u>
	<u>\$ 3,346,405</u>	<u>\$ 3,667,186</u>

# 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:

2022	\$	350,306
2023		2,728,259
2024		25,297
2025		27,286
2026		28,551
Thereafter		<u>537,012</u>
	\$	<u><u>3,696,711</u></u>