

**KOREAN COMMUNITY SERVICES  
OF METROPOLITAN  
NEW YORK, INC.**

**Financial Statements  
For the Years Ended  
June 30, 2022  
and  
June 30, 2021**

## **Independent Auditor's Report**

To the Board of Directors of  
Korean Community Services of Metropolitan New York, Inc.

### ***Opinion***

We have audited the accompanying financial statements of Korean Community Services of Metropolitan New York, Inc. ("KCS"), which comprise the statement of financial position as of June 30, 2022 and June 30, 2021 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KCS as of June 30, 2022 and June 30, 2021, and the results of its activities 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 conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KCS 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.

### ***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, and for 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 KCS's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### *Auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, 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 KCS'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 KCS'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 audits.

*Carrie Dilesen Culciniti & Donnelly LLP*

March 15, 2023

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**

**Statement of Financial Position**

	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 795,591	\$ 1,434,196
Investments, at fair value	813,924	809,862
Accounts receivable, net	416,100	233,276
Contributions and grants receivable	3,913,522	2,111,868
Prepaid expenses and other	161,497	64,339
Total current assets	6,100,634	4,653,541
<b>Property and equipment, net</b>	8,431,595	8,354,425
<b>Contributions and grants receivable, net of current portion</b>	-	96,000
<b>Restricted cash (debt service reserve)</b>	255,787	255,531
<b>Security deposits</b>	45,925	38,925
<b>Total assets</b>	<b>\$14,833,941</b>	<b>\$13,398,422</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 1,272,268	\$ 693,525
Unearned revenue	647,569	198,947
Current portion of mortgage loan payable	112,516	108,600
PPP loan payable	-	630,818
Total current liabilities	2,032,353	1,631,890
<b>Mortgage loan payable, net</b>	3,938,770	4,033,869
Total liabilities	5,971,123	5,665,759
<b>Net assets</b>		
Without donor restrictions	7,722,151	6,605,070
With donor restrictions	1,140,667	1,127,593
Total net assets	8,862,818	7,732,663
<b>Total liabilities and net assets</b>	<b>\$ 14,833,941</b>	<b>\$ 13,398,422</b>

See notes to financial statements.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**

**Statement of Activities**  
**Years Ended June 30, 2022 and June 30, 2021**

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
<b>Public support and revenue</b>				
Government grants	\$ 4,926,820	\$ -	\$ 4,926,820	\$ -
Contract grants	2,250,142	-	2,250,142	-
Contributions	140,747	203,674	344,421	480,000
Program service fees	2,089,289	-	2,089,289	-
Special events, net of direct benefits to donors of \$67,815 and \$54,690 in 2022 and 2021, respectively	182,967	-	182,967	-
Investment return, net	(19,710)	-	(19,710)	34,461
In-kind contributions	-	-	-	-
Other	78,466	-	78,466	-
Net assets released from restrictions	190,600	(190,600)	-	(578,788)
Total public support and revenue	<u>9,839,321</u>	<u>13,074</u>	<u>9,852,395</u>	<u>(64,327)</u>
<b>Expenses</b>				
Program services	7,171,460	-	7,171,460	-
Supporting activities				
Management and general	1,488,264	-	1,488,264	-
Fundraising	62,516	-	62,516	-
Total supporting activities	1,550,780	-	1,550,780	-
Total expenses	8,722,240	-	8,722,240	-
<b>Increase (decrease) in net assets</b>	1,117,081	13,074	1,130,155	(64,327)
<b>Net assets, beginning of year</b>	<u>6,605,070</u>	<u>1,127,593</u>	<u>7,732,663</u>	<u>1,191,920</u>
<b>Net assets, end of year</b>	<u>\$ 7,722,151</u>	<u>\$ 1,140,667</u>	<u>\$ 8,862,818</u>	<u>\$ 1,127,593</u>

See notes to financial statements.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Statement of Functional Expenses  
Year Ended June 30, 2022  
(With Summarized Comparative Information for 2021)

	2022											2021										
	Program Services						Supporting Activities					Management and General						Supporting Activities				
	Aging Programs	Adult Day Care	Education & Immigration	Workforce Development	Public Health Research	Mental Health Clinic	Resource Navigator	Total	Fundraising	Total	Fundraising	Total	Fundraising	Total	Fundraising	Total						
Salaries and related benefits	\$ 1,361,883	\$ 280,253	\$ 409,065	\$ 684,417	\$ 1,220,916	\$ 368,650	\$ 225,339	\$ 4,550,523	\$ 2,844	\$ 546,961	\$ 2,844	\$ 549,805	\$ 2,844	\$ 549,805	\$ 5,100,328	\$ 3,856,514						
Professional fees	19,286	3,108	7,544	7,589	13,468	36,447	2,499	89,941	50,036	393,656	50,036	443,692	50,036	443,692	533,633	403,361						
Occupancy	235,667	8,580	5,823	19,763	47,427	41,775	-	359,035	-	40,519	-	40,519	-	40,519	399,554	363,861						
Equipment and rental	15,319	1,565	30,433	25,624	23,697	4,650	-	101,288	-	10,087	-	10,087	-	10,087	111,375	70,560						
Vehicles	80,523	15,592	-	125	4,375	-	-	100,615	-	8,722	-	8,722	-	8,722	109,337	115,887						
Telecommunications	4,953	1,656	2,019	3,746	15,218	3,216	-	30,808	-	6,847	-	6,847	-	6,847	37,655	26,479						
Supplies	26,917	20,373	21,420	41,230	77,285	7,116	1,057	195,398	2,748	7,055	2,748	9,803	2,748	9,803	205,201	92,648						
Printing and copying	750	-	316	4,202	31,977	60	-	37,305	371	3,404	371	3,404	371	3,404	40,709	13,789						
Travel	1,190	5,372	246	10,590	21,155	333	-	38,886	84	12,455	84	12,455	84	12,455	51,341	15,072						
Conferences and meetings	3,180	2,386	2,621	8,990	16,961	890	-	35,028	1,137	12,559	1,137	13,696	1,137	13,696	48,724	15,593						
Contract services	20,445	-	18,368	375,158	24,950	4,350	-	443,271	-	-	-	-	-	-	443,271	108,878						
Program	20,946	9,183	25,554	39,957	60,320	4,055	1,808	161,823	248	8,643	248	8,891	248	8,891	170,714	153,123						
Food	710,095	988	-	-	-	-	-	711,083	-	22,483	-	22,483	-	22,483	733,566	338,006						
Interest	-	-	-	-	-	-	-	-	-	165,238	-	165,238	-	165,238	165,238	167,090						
Insurance	11,504	2,367	3,455	5,781	10,313	3,114	1,903	38,437	24	10,285	24	10,309	24	10,309	48,746	38,482						
Advertising	-	-	36,495	15,250	49,212	2,689	-	103,646	1,550	13,700	1,550	15,250	1,550	15,250	118,896	51,888						
Other	15,341	3,061	10,217	13,447	13,316	2,979	1,821	60,182	3,474	109,806	3,474	113,280	3,474	113,280	173,462	263,101						
Catering, facility, and other	-	-	-	-	-	-	-	-	67,815	-	67,815	67,815	67,815	67,815	67,815	54,690						
Depreciation and amortization	54,829	28,137	20,634	5,627	3,752	1,212	-	114,191	-	116,299	-	116,299	-	116,299	230,490	220,984						
<b>Total expenses by function</b>	<b>2,582,828</b>	<b>382,621</b>	<b>594,210</b>	<b>1,261,496</b>	<b>1,634,342</b>	<b>481,556</b>	<b>234,427</b>	<b>7,171,460</b>	<b>130,331</b>	<b>1,488,264</b>	<b>130,331</b>	<b>1,618,595</b>	<b>130,331</b>	<b>1,618,595</b>	<b>8,790,055</b>	<b>6,370,006</b>						
Less: direct expenses of special events net with revenue on the statement of activities	-	-	-	-	-	-	-	-	67,815	-	67,815	67,815	67,815	67,815	67,815	54,690						
<b>Total</b>	<b>\$ 2,582,828</b>	<b>\$ 382,621</b>	<b>\$ 594,210</b>	<b>\$ 1,261,496</b>	<b>\$ 1,634,342</b>	<b>\$ 481,556</b>	<b>\$ 234,427</b>	<b>\$ 7,171,460</b>	<b>\$ 62,516</b>	<b>\$ 1,488,264</b>	<b>\$ 62,516</b>	<b>\$ 1,550,780</b>	<b>\$ 62,516</b>	<b>\$ 1,550,780</b>	<b>\$ 8,722,240</b>	<b>\$ 6,315,316</b>						

See notes to financial statements.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Statement of Functional Expenses  
Year Ended June 30, 2021

	Program Services							Supporting Activities			
	Aging Programs	Adult Day Care	Education & Immigration	Workforce Development	Public Health Research	Mental Health Clinic	Resource Navigator	Management and General	Fundraising	Total	
Salaries and related benefits	\$ 1,094,702	\$ 173,557	\$ 384,424	\$ 211,536	\$ 872,051	\$ 311,749	\$ 430,398	\$ 3,478,417	\$ 109,522	\$ 3,788,097	\$ 3,856,514
Professional fees	20,592	2,557	8,364	3,516	23,723	39,013	6,341	104,106	1,614	299,255	403,361
Occupancy	215,758	6,805	6,217	18,635	35,486	42,681	-	325,582	-	38,279	363,861
Equipment and rental	34,375	5,237	12,121	3,833	3,297	-	-	58,863	-	11,697	70,560
Vehicles	81,413	2,983	20	414	1,077	-	-	85,907	-	29,980	115,887
Telecommunications	5,751	1,950	2,449	1,174	6,848	775	-	18,947	-	7,532	26,479
Supplies	14,797	7,227	16,285	9,256	35,204	1,474	2,035	86,278	53	6,370	92,648
Printing and copying	-	-	1,884	450	10,166	-	-	12,500	-	1,289	13,789
Travel	783	59	63	3,910	10,079	-	-	14,894	51	178	15,072
Conferences and meetings	2,380	843	60	4,046	3,851	246	-	11,426	750	4,167	15,593
Contract services	-	-	-	39,210	68,168	-	-	107,378	1,500	1,500	108,878
Program	25,639	2,923	22,117	20,431	54,693	6,936	4,398	137,137	1,561	15,986	153,123
Food	294,826	34,248	-	602	-	-	-	329,676	340	8,330	338,006
Interest	-	-	-	-	-	-	-	-	-	167,090	167,090
Insurance	9,468	1,501	3,325	1,830	7,543	2,696	3,723	30,086	947	8,396	38,482
Advertising	-	-	3,518	-	750	47,120	500	51,888	-	-	51,888
Other	6,651	1,493	2,490	3,394	7,916	1,851	2,520	26,315	2,586	236,786	263,101
Catering, facility, and other	-	-	-	-	-	-	-	-	54,690	54,690	54,690
Depreciation and amortization	57,265	26,211	19,221	5,242	3,495	1,212	-	112,646	-	108,338	220,984
<b>Total expenses by function</b>	<b>1,864,400</b>	<b>267,594</b>	<b>482,558</b>	<b>327,479</b>	<b>1,144,347</b>	<b>455,753</b>	<b>449,915</b>	<b>4,992,046</b>	<b>173,614</b>	<b>1,377,960</b>	<b>6,370,006</b>
Less: direct expenses of special events net with revenue on the statement of activities	-	-	-	-	-	-	-	-	54,690	54,690	54,690
<b>Total</b>	<b>\$ 1,864,400</b>	<b>\$ 267,594</b>	<b>\$ 482,558</b>	<b>\$ 327,479</b>	<b>\$ 1,144,347</b>	<b>\$ 455,753</b>	<b>\$ 449,915</b>	<b>\$ 4,992,046</b>	<b>\$ 118,924</b>	<b>\$ 1,323,270</b>	<b>\$ 6,315,316</b>

See notes to financial statements.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**

**Statement of Cash Flows**

	Year Ended June 30	
	2022	2021
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 1,130,155	\$ 1,244,234
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Amortization of deferred financing costs	17,418	5,807
Depreciation and amortization	230,490	220,984
Forgiveness of PPP loan	(630,818)	(593,637)
Donated stock	(24,873)	-
Proceeds from sale of donated stock	24,873	-
Unrealized (gain) loss on investments	39,440	(51,379)
(Increase) decrease in assets		
Accounts receivable	(182,824)	104,719
Contributions and grants receivable	(1,705,654)	(677,515)
Prepaid expenses and other	(97,158)	(9,459)
Security deposits	(7,000)	-
Increase in liabilities		
Accounts payable and accrued expenses	578,743	260,096
Unearned revenue	448,622	57,498
Net cash provided by (used in) operating activities	(178,586)	561,348
<b>Cash flows from investing activities</b>		
Purchases of investments, net	(43,502)	(726,482)
Purchases of property and equipment	(307,660)	(453,824)
Net cash (used in) investing activities	(351,162)	(1,180,306)
<b>Cash flows from financing activities</b>		
Repayment on line of credit	-	(498,316)
Proceeds on mortgage loan payable	-	4,250,000
Repayment of mortgage loan payable	(108,601)	(2,841,053)
Proceeds on PPP loan	-	630,818
Proceeds on EIDL loan	-	150,000
Repayment on EIDL loan	-	(150,000)
Deferred financing costs	-	(87,090)
Net cash provided by (used in) financing activities	(108,601)	1,454,359
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(638,349)</b>	<b>835,401</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,689,727</b>	<b>854,326</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,051,378</b>	<b>\$ 1,689,727</b>
Consists of:		
Cash – operations	\$ 795,591	\$ 1,434,196
Cash – restricted for debt service reserve	255,787	255,531
Total	\$ 1,051,378	\$ 1,689,727
<b>Supplemental disclosure of cash flows information:</b>		
Cash paid for interest	\$ 147,820	\$ 161,283

See notes to financial statements.



**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.****Notes to Financial Statements  
June 30, 2022 and June 30, 2021****Note 1 – Nature of organization**

Korean Community Services of Metropolitan New York, Inc. (“KCS”) was incorporated in the State of New York on January 14, 1974 under Section 402 of the Not-for-Profit Corporation Law by a group of members of the Korean community. KCS is a community based, voluntary, non-profit, non-sectarian social service organization supported by governments, various foundations, corporations, and concerned individuals within the Korean community. The central goal of KCS is to serve the newly arriving Korean immigrants whose needs require bilingual, professional and social services in Korean and English. The objectives of KCS are to develop and deliver services to meet the various needs of the community.

KCS’s services and programs include:

- Aging Programs & Adult Day Care: Operating Korean American Senior Centers (Flushing and Corona)
- Education & Immigration Program: Adult Literacy, After School Program, Immigration (Citizenship/DACA/DAPA), KCS Kids Line, Youth Community Action Project
- Workforce Development Program: Senior Community Service Employment Program, SNAP Employment and Training Program
- Public Health Research Program: Advocacy, Health Screenings, Chronic Disease, Social Services
- Mental Health Clinic Program
- Resource Navigator Program

**Note 2 – Summary of significant accounting policies****Basis of presentation**

The classification of KCS’s net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, be displayed in the statement of financial position and that the changes in each of those classes of net assets be displayed in the statement of activities. The classes are defined as follows:

- Net assets without donor restrictions include those assets that are not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.****Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021****Note 2 – Summary of significant accounting policies (continued)**Basis of presentation (continued)

- Net assets with donor restrictions are those net assets whose use by KCS has been limited by the donors (a) for later periods of time and/or (b) for specified purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Also included in this category at June 30, 2022 and June 30, 2021 are net assets subject to donor-imposed restrictions to be maintained in perpetuity by KCS of \$747,000 wherein the donor stipulated that the corpus of the gift be held in perpetuity and that the income be made available for scholarships.

Cash equivalents

KCS considers highly liquid assets with original maturities of 90 days or less to be cash equivalents.

Investments

KCS reports investments at fair value. Interest, dividends, realized and unrealized gain (loss) on investments are included in investment return in the statement of activities. The realized gain (loss) on sale of investments is computed on the specific identification basis.

Fair value measurements

Accounting principles generally accepted in the United States of America established a fair value hierarchy that prioritizes the inputs used to measure fair value into three broad levels. KCS' investments are measured using Level 1 inputs, which are defined as quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.

Allowance for doubtful accounts

As of June 30, 2022 and June 30, 2021, KCS has established an allowance for doubtful accounts for approximately \$350,000 and \$274,000, respectively, for any potentially uncollectible receivables. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Property and equipment

KCS capitalizes as property and equipment, expenditures for assets over a nominal amount with an estimated useful life greater than one year. Property and equipment are recorded at cost and are depreciated or amortized on a straight-line basis over estimated useful lives ranging from 3 to 40 years.

Deferred financing costs

Deferred financing costs consist of closing costs associated with the mortgage loan payable and are being amortized over the respective repayment term of the loan.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.****Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021****Note 2 – Summary of significant accounting policies (continued)**Revenue recognition

Contributions received, including unconditional promises to give, are recorded as support with or without donor restrictions, depending on the existence or absence of donor restriction at the time of receipt or promise.

Donor-restricted contributions that have their restrictions met within the fiscal year they are received are reported as revenue without donor restrictions.

Grant revenue from government agencies (Federal, State, County, and City) and other grantors are recognized when compliance with the various grant requirements is achieved. Usually this occurs at the time the expenditures are made and any grant matching requirements are met. These revenues are restricted by the grantor to specific programs. Grantor funds received before the revenue recognition criteria have been met are reported as unearned revenue.

Contingency

Funding contracts are often subject to audit by the applicable granting agencies. The possible disallowances by the granting agencies of any item charged to the program cannot be determined until such time when and if an audit occurs. Therefore, no provision for any potential disallowances that may result from such audits has been made in the accompanying financial statements. Management is of the opinion that any potential disallowances will not be material to the accompanying financial statements.

In-kind contributions

A number of volunteers, including members of the Board of Directors, have donated significant amounts of their time in KCS's program services, management and general services and fundraising campaigns. These donated services have not been recorded in the accompanying statement of activities because they do not meet the criteria for recording such services.

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 assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**

**Notes to Financial Statements (continued)**  
**June 30, 2022 and June 30, 2021**

**Note 2 – Summary of significant accounting policies (continued)**

Concentrations of credit risk

KCS's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, investments and receivables. KCS places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, cash and cash equivalents exceeded the FDIC insurance limit. KCS has not experienced any losses with respect to its cash and cash equivalents to date. Investments are exposed to various risks, such as interest rate, market volatility, liquidity and credit. It is possible that changes in these risks would materially affect the fair value of the investments reported in the statement of financial position at June 30, 2022. KCS' management monitors its cash, cash equivalents, investments and the collectability of its receivables. As a result, KCS believes concentrations of credit risk are limited with respect to its cash, cash equivalents, investments and receivables.

Functional expenses

The cost of providing the various program and supporting activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques including time and effort spent, number of staff and office space usage.

Subsequent events

KCS evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluations are performed through the date the financial statements are available to be issued, which was March 15, 2023 for these financial statements.

**Note 3 – Financial assets and liquidity resources**

As of June 30, 2022 and June 30, 2021, financial assets and liquidity resources available within one year of the statement of financial position date for general expenditures were as follows:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents - operations	\$ 795,591	\$ 1,434,196
Investment, at fair value	813,924	809,862
Accounts receivable, net	416,100	233,276
Contributions and grants receivable, current	<u>3,913,522</u>	<u>2,111,868</u>
Subtotal	\$ 5,939,137	\$ 4,589,202
Less: net assets with perpetual restrictions	<u>(747,000)</u>	<u>(747,000)</u>
Total	<u>\$ 5,192,137</u>	<u>\$ 3,842,202</u>

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**

**Notes to Financial Statements (continued)**  
**June 30, 2022 and June 30, 2021**

**Note 3 – Financial assets and liquidity resources (continued)**

KCS' working capital and cash flows vary due to the timing of payments for contributions, government grants, contract grants, program service fees and other revenue items. As part of KCS' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**Note 4 – Investments, at fair value**

The following is a summary of the investments as of June 30, 2022 and June 30, 2021:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$ 204,623	\$ 204,623	\$ 201,448	\$ 201,448
Common stocks	558,109	581,944	534,232	580,231
Mutual funds	<u>16,759</u>	<u>27,357</u>	<u>16,759</u>	<u>28,183</u>
Total	<u>\$ 779,491</u>	<u>\$ 813,924</u>	<u>\$ 752,439</u>	<u>\$ 809,862</u>

The investment return for the years ended June 30, 2022 and June 30, 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 9,699	\$ 4,705
Unrealized gain (loss) on investments	<u>(22,990)</u>	<u>51,379</u>
Sub-total	(13,291)	56,084
Less: fees	<u>6,419</u>	<u>1,717</u>
Total investment return	<u>\$ (19,710)</u>	<u>\$ 54,367</u>

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**

**Notes to Financial Statements (continued)**  
**June 30, 2022 and June 30, 2021**

**Note 5 – Contributions and grants receivable**

At June 30, 2022 and June 30, 2021, contributions and grants receivable, which are reflected at their present value are due as follows:

<u>Fiscal Year</u>	<u>2022</u>	<u>2021</u>
2022	\$ -	\$ 2,111,868
2023	<u>3,913,522</u>	<u>100,000</u>
Total	3,913,522	2,211,868
Less: discount at 2%	<u>-</u>	<u>(4,000)</u>
Sub-total	3,913,522	2,207,868
Less: current portion	<u>(3,913,522)</u>	<u>(2,111,868)</u>
Long-term portion	<u>\$ -</u>	<u>\$ 96,000</u>

**Note 6 – Property and equipment**

The following is a summary of property and equipment as of June 30, 2022 and June 30, 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,725,000	\$ 1,725,000
Building and improvements	7,386,464	7,193,225
Leasehold improvements	92,070	92,070
Furniture and equipment	<u>517,018</u>	<u>402,597</u>
Sub-total	9,720,552	9,412,892
Less: accumulated depreciation and amortization	<u>1,288,957</u>	<u>1,058,467</u>
Total	<u>\$ 8,431,595</u>	<u>\$ 8,354,425</u>

**Note 7 – Line of credit**

During 2017, KCS obtained a \$500,000 line of credit. Borrowings under the line of credit called for interest at The Wall Street Journal Prime Rate plus .75%. The line was secured by certain business assets of KCS. In February 2021, KCS repaid the line from the proceeds of the new mortgage loan and closed the line of credit.

**Note 8 – Economic Injury Disaster Loan**

In July 2020, KCS obtained and received \$150,000 under the Economic Injury Disaster Loan program (“EIDL”) which is a business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. The loan called interest at 2.75% per annum and called for monthly principal and interest payments of \$641 commencing July 2020 through July 2050 when the loan was due to mature. The loan was secured by certain personal property of KCS. The loan and accrued interest was repaid in full in fiscal 2021 from the proceeds of KCS’ new mortgage loan.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**

**Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021**

**Note 8 – Mortgage loan payable**

During February 2017, the KCS obtained a mortgage loan for \$3,000,000 for the purchase of land and a building. The loan required monthly payments of principal and interest of \$13,988 at a fixed interest rate of 3.75% per annum. The amount of the monthly principal and interest payments were calculated based on a 30-year amortization period which was to mature on March 1, 2020, at which time any unpaid principal balance then outstanding plus accrued interest was due and payable. KCS extended the maturity date to March 1, 2021. The loan was secured by a mortgage and security agreement on KCS' real property.

During February 2021, KCS obtained a new mortgage loan for \$4,250,000. The proceeds of the loan were used in part to pay off the existing mortgage loan, the outstanding balance on KCS' line of credit, KCS' Economic Injury Disaster Loan and financing costs. The loan requires monthly payments of principal \$21,395 at a fixed interest rate of 3.50%. The amount of the monthly principal and interest payments were calculated based on a 25-year amortization period with a maturity date of March 2026. The loan is subject to prepayment penalties as outlined in the agreement. As part of the loan agreement, KCS was required to fund a debt service reserve as additional security for the loan. The balance in the debt service reserve at June 30, 2022 and June 30, 2021 was \$255,787 and \$255,531, respectively. The loan is secured by a mortgage and security agreement on KCS' real property.

The future minimum payments required on the loan at June 30, 2022 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 112,516
2024	116,190
2025	120,766
2026	<u>3,765,680</u>
Subtotal	4,115,152
Less: deferred financing costs	63,866
Less: current portion	<u>112,516</u>
Long-term mortgage payable	<u>\$ 3,938,770</u>

**Note 9 – Paycheck Protection Program loans**

During the 2020 fiscal year, KCS applied for and received \$593,637 under the Paycheck Protection Program ("PPP") which is a business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. KCS elected to record the proceeds as a liability until the loan was, in part or wholly, forgiven and KCS was legally released. The loan was forgiven in full in July 2021 and therefore KCS elected to record the forgiveness as government grant revenue in the 2021 statement of activities.

During the 2021 fiscal year, KCS applied for a second PPP loan and received \$630,818 under the Paycheck Protection Program ("PPP"). KCS has elected to record the proceeds as a liability until the loan was, in part or wholly, forgiven and KCS was legally released. The loan was forgiven in full in April 2022 and therefore KCS elected to record the forgiveness as government grant revenue in the 2022 statement of activities.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**

**Notes to Financial Statements (continued)**  
**June 30, 2022 and June 30, 2021**

**Note 10 – Net assets with temporary donor restrictions**

The following is a summary of the net assets with donor temporary restrictions for the years ended June 30, 2022 and June 30, 2021:

<u>Purpose</u>	<u>2022</u>			
	Balance at June 30, 2021	Investment Return and Contributions	Net Assets Released from Restrictions	Balance June 30, 2022
Building funds	\$ 18,055	\$ 29,200	\$ -	\$ 47,255
Covid Relief	35,286	-	(35,286)	-
Education and immigration	1,461	8,000	(741)	8,720
Emergency funds	32,100	28,974	(42,146)	18,928
Home care license	168,875	-	(21,068)	147,807
Scholarships	28,461	-	(9,000)	19,461
Workforce	24,705	62,500	(44,260)	42,945
Mental health	20,000	-	(20,000)	-
Holiday gifts center	1,650	1,000	-	2,650
Sustainability fund	-	25,000	-	25,000
Aging	-	4,000	-	4,000
Community fund	-	35,000	-	35,000
Vehicles	-	10,000	(10,000)	-
Time restricted	<u>50,000</u>	<u>-</u>	<u>(8,099)</u>	<u>41,901</u>
Total	<u>\$ 380,593</u>	<u>\$ 203,674</u>	<u>\$ (190,600)</u>	<u>\$ 393,667</u>

  

<u>Purpose</u>	<u>2021</u>			
	Balance at June 30, 2020	Investment Return and Contributions	Net Assets Released from Restrictions	Balance June 30, 2021
Building funds	\$ 180,875	\$ 22,000	\$ (184,820)	\$ 18,055
Covid Relief	200,687	-	(165,401)	35,286
Development	35,000	-	(35,000)	-
Education and immigration	8,190	8,000	(14,729)	1,461
Emergency funds	10,338	40,225	(18,463)	32,100
Home care license	-	168,875	-	168,875
Scholarships	-	34,461	(6,000)	28,461
Meal delivery	9,080	-	(9,080)	-
Workforce	-	75,000	(50,295)	24,705
Public health resources	-	95,000	(95,000)	-
Mental health	-	20,000	-	20,000
Holiday gifts center	750	900	-	1,650
Time restricted	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total	<u>\$ 444,920</u>	<u>\$ 514,461</u>	<u>\$ (578,788)</u>	<u>\$ 380,593</u>



**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**

**Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021**

**Note 11 – Commitments**

Lease agreements

In July 2021, KCS extended the lease agreement for its Flushing senior center through June 30, 2024. The lease calls for monthly payments of \$10,250 in the first year and escalating to monthly payments of \$15,000 in the last year of the lease.

In March 2015, KCS entered into a three year lease agreement for a mental health clinic. The lease called for monthly payments of \$3,000 in the first year and escalating to monthly payments of \$3,167 in the last year of the lease. In connection with the lease, KCS paid a security deposit of \$12,000, which is included in security deposits in the statement of financial position. In February 2021, KCS extended this lease agreement for an additional three years through February 2024, requiring monthly payments of \$3,461.

In July 2019, KCS entered into a three year lease agreement for additional office space. The lease called for monthly payments of \$3,100 in the first year and escalating to monthly payments of \$3,415 in the last year of the lease. In connection with the lease, KCS paid a security deposit of \$12,400, which is included in security deposits in the statement of financial position. In July 2022, KCS extended this lease agreement for an additional year through July 2023, requiring monthly payments of \$1,600.

In December 2019, KCS entered into a two year lease agreement for additional office space. The lease called for monthly payments of \$729. In connection with the lease, KCS paid a security deposit of \$4,375, which is included in security deposits in the statement of financial position. In October 2021, KCS extended this lease agreement for an additional three years through December 2024, requiring monthly payments starting at \$759 in year one and increasing to \$782 per month in the final year.

The following is a summary of the required annual minimum lease payments as of June 30, 2022:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 270,393
2024	218,671
2025	<u>4,692</u>
Total	<u>\$ 493,756</u>

Rent expense totaled \$311,694 and \$292,354 for the years ended June 30, 2022 and June 30, 2021, respectively.

**Note 12 – Retirement plan**

KCS maintains a SIMPLE IRA retirement plan for all eligible employees. Eligible employees may contribute a portion of their compensation not to exceed the limit established by the Internal Revenue Service. KCS matches employee contributions not to exceed 3% of compensation. In connection with the Plan, KCS incurred costs related to contributions totaling \$18,580 and \$19,155 for years ended June 30, 2022 and June 30, 2021, respectively.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**

**Notes to Financial Statements (continued)  
June 30, 2022 and June 30, 2021**

**Note 13 – Tax status**

KCS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, KCS has been determined by the Internal Revenue Service to be a public charity and not a private foundation within the meaning of Section 509(a)(1) of the Code. Contributions are eligible for the maximum charitable tax deduction available for donors.