

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

**Financial Statements
For the Years Ended
June 30, 2019
and
June 30, 2018**

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Korean Community Services of Metropolitan New York, Inc. which comprise the statement of financial position as of June 30, 2019 and June 30, 2018 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

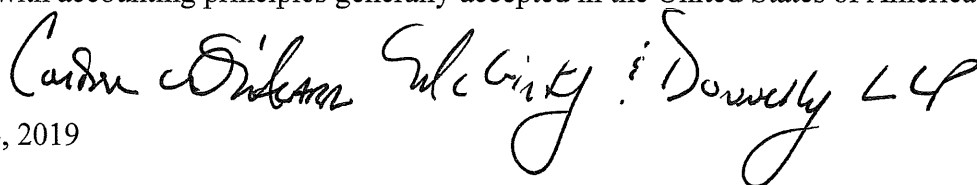
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Korean Community Services of Metropolitan New York, Inc. as of June 30, 2019 and June 30, 2018 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.



November 4, 2019

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Statement of Financial Position

	Assets	
	June 30	
	2019	2018
Current assets		
Cash and cash equivalents	\$ 123,540	\$ 368,840
Accounts receivable, net	257,412	301,272
Contributions and grants receivable	1,393,782	734,596
Prepaid expenses and other	<u>88,635</u>	<u>75,682</u>
Total current assets	1,863,369	1,480,390
Property and equipment, net	8,072,629	7,915,340
Contributions and grants receivable	283,000	-
Security deposits	<u>28,542</u>	<u>18,376</u>
Total assets	<u>\$10,247,540</u>	<u>\$ 9,414,106</u>
 Liabilities and Net Assets 		
Current liabilities		
Line of credit	\$ 490,468	\$ 496,159
Accounts payable and accrued expenses	827,298	393,131
Unearned revenue	162,764	222,838
Long-term debt, net	<u>2,827,960</u>	<u>57,385</u>
Total current liabilities	4,308,490	1,169,513
Long-term debt, net	<u>-</u>	<u>2,766,423</u>
Total liabilities	<u>4,308,490</u>	<u>3,935,936</u>
Net assets		
Without donor restrictions	5,488,429	5,226,026
With donor restrictions	<u>450,621</u>	<u>252,144</u>
Total net assets	<u>5,939,050</u>	<u>5,478,170</u>
Total liabilities and net assets	<u>\$10,247,540</u>	<u>\$ 9,414,106</u>

See notes to financial statements.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Statement of Activities
Year Ended June 30, 2019 and June 30, 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue						
Government grants	\$ 2,646,868	\$ -	\$ 2,646,868	\$ 2,001,756	\$ -	\$ 2,001,756
Contract grants	1,232,420	-	1,232,420	498,400	-	498,400
Contributions	86,222	618,583	704,805	50,150	396,801	446,951
Program service fees	1,555,427	-	1,555,427	1,193,788	-	1,193,788
Special events, net of direct benefits to donors of \$277,250 and \$275,745 in 2019 and 2018, respectively	382,365	-	382,365	363,470	-	363,470
Investment return	2,279	-	2,279	403	-	403
In-kind contributions	5,060	-	5,060	7,907	-	7,907
Other	82,906	-	82,906	47,311	-	47,311
Net assets released from restrictions	420,106	(420,106)	-	745,335	(745,335)	-
Total public support and revenue	6,413,653	198,477	6,612,130	4,908,520	(348,534)	4,559,986
Expenses						
Program services	4,920,521	-	4,920,521	4,135,721	-	4,135,721
Supporting activities		-				
Management and general	1,025,023	-	1,025,023	830,611	-	830,611
Fundraising	205,706	-	205,706	153,230	-	153,230
Total supporting activities	1,230,729	-	1,230,729	983,841	-	983,841
Total expenses	6,151,250	-	6,151,250	5,119,562	-	5,119,562
Increase (decrease) in net assets	262,403	198,477	460,880	(211,042)	(348,534)	(559,576)
Net assets, beginning of year	5,226,026	252,144	5,478,170	5,437,068	600,678	6,037,746
Net assets, end of year	\$ 5,488,429	\$ 450,621	\$ 5,939,050	\$ 5,226,026	\$ 252,144	\$ 5,478,170

See notes to financial statements.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Statement of Functional Expenses
 Year Ended June 30, 2019
 (With Summarized Comparative Information for 2018)

	2019										2018									
	Program Services					Supporting Activities					Management and General					Fundraising				
	Aging Programs	Adult Day Care	Education & Immigration	Workforce Development	Public Health Research	Mental Health Clinic	Total	Management and General	Fundraising	Total	Management and General	Fundraising	Total	Management and General	Fundraising	Total				
Salaries and related benefits	\$ 1,049,366	\$ 210,124	\$ 340,920	\$ 172,432	\$ 454,584	\$ 416,283	\$ 2,643,709	\$ 239,173	\$ 148,792	\$ 387,965	\$ 3,031,674	\$ 2,692,294								
Professional fees	20,266	3,264	3,448	6,113	7,247	47,789	88,127	259,689	33,305	292,994	381,121	369,066								
Occupancy	230,114	20,058	20,474	17,856	35,085	45,981	369,568	119,880	-	119,880	489,448	392,949								
Equipment and rental	7,355	2,129	9,861	2,046	1,306	509	23,206	16,773	1,000	17,773	40,979	31,922								
Vehicles	69,453	14,253	-	-	-	-	83,706	3,134	-	3,134	86,840	80,831								
Telecommunications	8,103	939	3,395	4,216	5,277	2,364	24,294	3,261	-	3,261	27,555	29,233								
Supplies	15,123	14,377	14,674	17,722	21,491	1,690	85,077	10,779	-	10,779	95,856	36,923								
Printing and copying	855	35	-	-	5,293	160	6,343	1,333	-	1,333	7,676	8,035								
Travel	1,260	7,852	1,384	6,724	6,173	1,245	24,638	279	21	300	24,938	25,637								
Conferences and meetings	938	881	432	17,123	3,162	2,625	25,161	7,047	35	7,082	32,243	26,558								
Contract services	-	-	49,568	-	513,762	-	563,330	-	-	-	563,330	73,209								
Program	-	1,459	40,286	11,928	12,837	3,174	69,684	14,641	1,600	16,241	85,925	110,698								
Food	661,599	36,854	180	-	-	-	698,633	-	-	-	698,633	659,933								
Interest	-	-	3,548	-	-	-	3,548	190,403	-	190,403	193,951	184,435								
Other	19,741	14,537	16,732	3,359	26,191	4,582	85,142	60,160	20,953	81,113	166,255	185,972								
Depreciation and amortization	75,908	23,823	17,470	4,765	3,176	1,213	126,355	98,471	-	98,471	224,826	211,867								
Total	\$ 2,160,081	\$ 350,585	\$ 522,372	\$ 264,284	\$ 1,095,584	\$ 527,615	\$ 4,920,521	\$ 1,025,023	\$ 205,706	\$ 1,230,729	\$ 6,151,250	\$ 5,119,562								

See notes to financial statements.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

**Statement of Functional Expenses
Year Ended June 30, 2018**

	Program Services						Supporting Activities		
	Aging Programs	Adult Day Care	Education & Immigration	Workforce Development	Public Health Research	Mental Health Clinic	Management and General	Fundraising	Total
Salaries and related benefits	\$ 932,616	\$ 207,116	\$ 337,430	\$ 145,706	\$ 365,800	\$ 437,969	\$ 192,011	\$ 73,646	\$ 2,692,294
Professional fees	9,728	1,981	3,246	1,398	3,509	50,183	258,727	40,294	369,066
Occupancy	229,877	11,540	11,377	3,604	32,307	43,884	60,360	-	392,949
Equipment and rental	7,914	5,454	6,865	1,965	1,708	1,067	6,949	-	31,922
Vehicles	71,324	9,361	-	-	-	-	146	-	80,831
Telecommunications	10,563	1,243	4,490	5,060	3,737	2,063	2,077	-	29,233
Supplies	8,195	2,301	4,030	6,340	4,627	1,662	9,768	-	36,923
Printing and copying	2,069	40	446	-	2,506	456	2,518	-	8,035
Travel	1,272	1,009	794	11,905	6,580	147	3,930	-	25,637
Conferences and meetings	1,132	283	3,180	16,510	1,608	813	3,032	-	26,558
Contract services	-	-	70,709	-	2,500	-	-	-	73,209
Program	23,502	16,534	22,442	16,853	24,443	-	6,600	324	110,698
Food	648,876	11,057	-	-	-	-	184,435	-	659,933
Interest	-	-	-	-	-	-	-	-	-
Other	29,298	6,580	19,702	5,373	15,060	30,186	40,807	38,966	184,435
Depreciation and amortization	76,470	35,463	26,819	6,618	6,033	1,213	59,251	-	211,867
Total	\$ 2,052,836	\$ 309,962	\$ 511,530	\$ 221,332	\$ 470,418	\$ 569,643	\$ 830,611	\$ 153,230	\$ 5,119,562

See notes to financial statements.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Statement of Cash Flows

	Year Ended	
	June 30	
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 460,880	\$ (559,576)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Amortization of deferred financing costs	61,536	61,536
Depreciation and amortization	224,826	211,867
(Increase) decrease in assets		
Accounts receivable	43,860	(61,338)
Contributions and grants receivable	(942,186)	439,485
Prepaid expenses and other	(12,953)	55,323
Security deposits	(10,166)	(803)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	434,167	(716)
Unearned revenue	(60,074)	94,037
Net cash provided by operating activities	<u>199,890</u>	<u>239,815</u>
Cash flows (used in) investing activities		
Purchases of property and equipment	<u>(382,115)</u>	<u>(309,527)</u>
Cash flows from financing activities		
Proceeds from line of credit	295,643	267,512
Repayment on line of credit	(301,334)	-
Repayment of long-term debt	<u>(57,384)</u>	<u>(55,248)</u>
Net cash provided by (used in) financing activities	<u>(63,075)</u>	<u>212,264</u>
Net increase (decrease) in cash and cash equivalents	(245,300)	142,552
Cash and cash equivalents, beginning of year	<u>368,840</u>	<u>226,288</u>
Cash and cash equivalents, end of year	<u>\$ 123,540</u>	<u>\$ 368,840</u>
Supplemental disclosure of cash flows information:		
Cash paid for interest	<u>\$ 132,415</u>	<u>\$ 122,899</u>

See notes to financial statements.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**Notes to Financial Statements
June 30, 2019 and June 30, 2018****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

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, 2019 and June 30, 2018****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 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.

Cash equivalents

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

Allowance for doubtful accounts

As of June 30, 2019, KCS has established an allowance for doubtful accounts for approximately \$18,000 for any potentially uncollectible receivables. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions. There was no allowance for doubtful accounts at June 30, 2018.

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.

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.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018****Note 2 – Summary of significant accounting policies (continued)**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

During 2019 and 2018, KCS received donated food valued at \$5,060 and \$7,907, respectively.

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.

Concentrations of credit risk

KCS's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, 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. KCS's management monitors its cash and cash equivalents and the collectability of its receivables. As a result, KCS believes concentrations of credit risk are limited with respect to its cash, cash equivalents, 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.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

**Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018**

Note 2 – Summary of significant accounting policies (continued)

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 November 4, 2019 for these financial statements.

Note 3 – Financial assets and liquidity resources

As of June 30, 2019, financial assets and liquidity resources available within one year of the statements of financial position date for general expenditures were as follows:

Financial assets		
Cash and cash equivalents	\$	123,540
Accounts receivable		257,412
Contributions and grants receivable, current		<u>1,393,782</u>
Total financial assets	\$	<u>1,774,734</u>

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. To help manage liquidity needs, KCS has a line of credit (see note 6) in the amount of \$500,000 that it can draw upon as needed.

Note 4 – Contributions and grants receivable

At June 30, 2019 and June 30, 2018, contributions and grants receivable, which are reflected at their present value are due as follows:

<u>Fiscal Year</u>	<u>2019</u>	<u>2018</u>
2020	\$1,393,782	\$ 734,596
2021	100,000	-
2022	100,000	-
2023	<u>100,000</u>	<u>-</u>
Total	1,693,782	734,596
Less: discount at 2%	<u>(17,000)</u>	<u>-</u>
Sub-total	1,676,782	734,596
Less: current portion	<u>(1,393,782)</u>	<u>(734,596)</u>
Long-term portion	<u>\$ 283,000</u>	<u>\$ -</u>

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018

Note 5 – Property and equipment

The following is a summary of property and equipment as of June 30, 2019 and June 30, 2018:

	<u>2019</u>	<u>2018</u>
Land	\$1,725,000	\$1,725,000
Building and improvements	6,543,887	6,161,772
Leasehold improvements	92,070	92,070
Furniture and equipment	<u>323,407</u>	<u>323,407</u>
Sub-total	8,684,364	8,302,249
Less: accumulated depreciation and amortization	<u>611,735</u>	<u>386,909</u>
Total	<u>\$8,072,629</u>	<u>\$7,915,340</u>

Note 6 – Line of credit

During 2017, KCS obtained a \$500,000 line of credit which expires March 1, 2020. Borrowings under the line of credit bear interest at The Wall Street Journal Prime Rate plus .75% (5.75% at June 30, 2019). The line is secured by certain business assets of KCS. As of June 30, 2019, KCS had \$490,468 outstanding under the line.

Note 7 – Long-term debt

During February 2017, the KCS obtained a mortgage loan for \$3,000,000 for the purchase of land and a building. The loan requires 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 are calculated based on a 30-year amortization period which matures on March 1, 2020, at which time any unpaid principal balance then outstanding plus accrued interest will be due and payable. If certain conditions are met, KCS may extend the maturity date to March 1, 2022. The loan is secured by a mortgage and security agreement on KCS's real property. The loan is subject to certain continuing financial and reporting covenants, as outlined in the loan documents.

The following is a summary of the required annual principal payments on the long-term debt:

<u>Fiscal year</u>	<u>Total</u>
2020 (includes a \$2,835,122 balloon payment)	\$ 2,874,112
Less: deferred financing costs	<u>46,152</u>
Net long-term debt	<u>\$ 2,827,960</u>

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Notes to Financial Statements (continued)

June 30, 2019 and June 30, 2018

Note 8 – Net assets with donor restrictions

The following is a summary of the net assets with donor restrictions for the years ended June 30, 2019 and June 30, 2018:

<u>Purpose</u>	2019			
	Balance at June 30, 2018	Contributions	Net Assets Released from Restrictions	Balance June 30, 2019
Building funds	\$ 189,306	\$ 527,783	\$ (323,485)	\$ 393,604
Development	35,000	-	-	35,000
Education and immigration	27,838	-	(27,838)	-
Emergency funds	-	15,000	(1,783)	13,217
Workforce	-	75,000	(67,000)	8,000
Holiday gifts center	-	800	-	800
Total	<u>\$ 252,144</u>	<u>\$ 618,583</u>	<u>\$ (420,106)</u>	<u>\$ 450,621</u>

<u>Purpose</u>	2018			
	Balance at June 30, 2017	Contributions	Net Assets Released from Restrictions	Balance June 30, 2018
Building funds	\$ 547,250	\$ 286,801	\$ (644,745)	\$ 189,306
Development	-	35,000	-	35,000
Education and immigration	12,095	75,000	(59,257)	27,838
Mental Health Clinic	25,000	-	(25,000)	-
Public Health Research Center	16,333	-	(16,333)	-
Total	<u>\$ 600,678</u>	<u>\$ 396,801</u>	<u>\$ (745,335)</u>	<u>\$ 252,144</u>

Note 9 – Commitments

In December 2007, KCS entered into a fifteen year lease agreement for the Corona senior center commencing in January 2008. The lease which expires in the 2023 fiscal year requires monthly payments of \$7,000.

In March 2015, KCS entered into a three year lease agreement for a mental health clinic. The lease calls 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 2018, KCS extended this lease agreement for an additional three years through February 2021, requiring monthly payments of \$3,262 in the first year increasing to \$3,461 in the last year of the lease.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

**Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018**

Note 9 – Commitments (continued)

The following is a summary of the required annual minimum lease payments as of June 30, 2019:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 124,725
2021	111,688
2022	84,000
2023	<u>42,000</u>
Total	\$ <u>362,413</u>

Rent expense totaled \$291,215 and \$285,893 for the years ended June 30, 2019 and June 30, 2018, respectively.

Note 10 – 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 \$8,532 and \$6,806 for years ended June 30, 2019 and June 30, 2018, respectively.

Note 11 – 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.