

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

**Financial Statements  
For the Years Ended  
June 30, 2020  
and  
June 30, 2019**

**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, 2020 and June 30, 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.

***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, 2020 and June 30, 2019 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.

  
January 15, 2021

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

**Statement of Financial Position**

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 886,327	\$ 123,540
Accounts receivable, net	337,995	257,412
Contributions and grants receivable	1,340,353	1,393,782
Prepaid expenses and other	54,880	88,635
Total current assets	2,619,555	1,863,369
<b>Property and equipment, net</b>	8,121,585	8,072,629
<b>Contributions and grants receivable, net of current portion</b>	190,000	283,000
<b>Security deposits</b>	38,925	28,542
<b>Total assets</b>	<b>\$10,970,065</b>	<b>\$10,247,540</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Line of credit	\$ 498,316	\$ 490,468
Accounts payable and accrued expenses	433,429	827,298
Unearned revenue	141,449	162,764
Loans payable, net	3,408,442	2,827,960
Total current liabilities	4,481,636	4,308,490
<b>Net assets</b>		
Without donor restrictions	5,296,509	5,488,429
With donor restrictions	1,191,920	450,621
Total net assets	6,488,429	5,939,050
<b>Total liabilities and net assets</b>	<b>\$ 10,970,065</b>	<b>\$ 10,247,540</b>

See notes to financial statements.

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

**Statement of Activities  
Year Ended June 30, 2020 and June 30, 2019**

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>Public support and revenue</b>				
Government grants	\$ 2,068,013	\$ -	\$ 2,646,868	\$ -
Contract grants	1,054,834	-	1,232,420	-
Contributions	208,090	1,131,135	86,222	618,583
Program service fees	1,260,111	-	1,555,427	-
Special events, net of direct benefits to donors of \$197,562 and \$277,250 in 2020 and 2019, respectively	327,668	-	382,365	-
Investment return	584	-	2,279	-
In-kind contributions	2,300	-	5,060	-
Other	113,618	-	82,906	-
Net assets released from restrictions	389,836	(389,836)	420,106	(420,106)
Total public support and revenue	<u>5,425,054</u>	<u>741,299</u>	<u>6,413,653</u>	<u>198,477</u>
<b>Expenses</b>				
Program services	4,460,685	-	4,920,521	-
Supporting activities				
Management and general	1,024,532	-	1,025,023	-
Fundraising	131,757	-	205,706	-
Total supporting activities	<u>1,156,289</u>	<u>-</u>	<u>1,230,729</u>	<u>-</u>
Total expenses	5,616,974	-	6,151,250	-
<b>Increase (decrease) in net assets</b>	(191,920)	741,299	262,403	198,477
<b>Net assets, beginning of year</b>	<u>5,488,429</u>	<u>450,621</u>	<u>5,226,026</u>	<u>252,144</u>
<b>Net assets, end of year</b>	<u>\$ 5,296,509</u>	<u>\$ 1,191,920</u>	<u>\$ 5,488,429</u>	<u>\$ 450,621</u>

Net assets, end of year

See notes to financial statements.

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

Statement of Functional Expenses  
Year Ended June 30, 2020  
(With Summarized Comparative Information for 2019)

	2020										2019		
	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	Total	Total	
Salaries and related benefits	\$ 1,047,641	\$ 269,545	\$ 391,630	\$ 187,702	\$ 577,649	\$ 311,229	\$ 2,315	\$ 2,787,711	\$ 301,604	\$ 64,402	\$ 366,006	\$ 3,153,717	\$ 3,031,674
Professional fees	25,322	4,405	6,551	7,748	16,517	33,938	38	94,519	263,754	13,053	276,807	371,326	381,121
Occupancy	220,113	11,315	10,637	20,476	33,461	48,724	-	344,726	65,095	-	65,095	409,821	489,448
Equipment and rental	7,712	2,638	2,494	8,351	7,870	378	-	29,443	8,423	-	8,423	37,866	40,979
Vehicles	86,546	19,754	-	-	-	-	-	106,300	-	-	-	106,300	86,840
Telecommunications	6,632	1,598	2,172	2,509	5,567	1,821	-	20,299	6,607	-	6,607	26,906	27,555
Supplies	18,576	12,153	12,833	12,069	27,650	1,904	-	83,185	8,585	3,681	12,266	97,451	95,856
Printing and copying	1,191	-	296	539	8,093	150	-	10,269	-	1,989	1,989	12,258	7,676
Travel	734	7,119	347	9,992	4,966	159	-	23,317	1,197	286	1,483	24,800	24,938
Conferences and meetings	544	450	-	5,507	5,911	602	-	13,014	5,801	506	6,307	19,321	32,243
Contract services	-	-	-	-	98,110	-	-	98,110	-	-	-	98,110	563,330
Program	8,605	5,251	25,579	13,179	25,506	-	-	78,120	44,805	-	44,805	122,925	85,925
Food	500,748	28,868	-	-	1,016	-	-	530,632	-	-	-	530,632	698,633
Interest	-	-	-	-	-	-	-	-	179,769	-	179,769	179,769	193,951
Other	35,205	8,332	25,913	7,991	34,354	4,530	34	116,359	35,825	47,840	83,665	200,024	166,255
Depreciation and amortization	69,935	24,936	18,286	4,987	3,325	1,212	-	122,681	103,067	-	103,067	225,748	224,826
<b>Total</b>	<b>\$ 2,029,504</b>	<b>\$ 396,364</b>	<b>\$ 496,738</b>	<b>\$ 281,050</b>	<b>\$ 849,995</b>	<b>\$ 404,647</b>	<b>\$ 2,387</b>	<b>\$ 4,460,685</b>	<b>\$ 1,024,532</b>	<b>\$ 131,757</b>	<b>\$ 1,156,289</b>	<b>\$ 5,616,974</b>	<b>\$ 6,151,250</b>

See notes to financial statements.

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

Statement of Functional Expenses  
Year Ended June 30, 2019

	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	\$ 1,049,366	\$ 210,124	\$ 340,920	\$ 172,432	\$ 454,584	\$ 416,283	\$ 239,173	\$ 148,792	\$ 387,965	\$ 3,031,674
Professional fees	20,266	3,264	3,448	6,113	7,247	47,789	88,127	33,305	292,994	381,121
Occupancy	230,114	20,058	20,474	17,856	35,085	45,981	369,568	-	119,880	489,448
Equipment and rental	7,355	2,129	9,861	2,046	1,306	509	23,206	1,000	17,773	40,979
Vehicles	69,453	14,253	-	-	-	-	83,706	-	3,134	86,840
Telecommunications	8,103	939	3,395	4,216	5,277	2,364	24,294	-	3,261	27,555
Supplies	15,123	14,377	14,674	17,722	21,491	1,690	85,077	-	10,779	95,856
Printing and copying	855	35	-	-	5,293	160	6,343	-	1,333	7,676
Travel	1,260	7,852	1,384	6,724	6,173	1,245	24,638	21	300	24,938
Conferences and meetings	938	881	432	17,123	3,162	2,625	25,161	35	7,082	32,243
Contract services	-	-	49,568	-	513,762	-	563,330	-	-	563,330
Program	-	1,459	40,286	11,928	12,837	3,174	69,684	1,600	16,241	85,925
Food	661,599	36,854	180	-	-	-	698,633	-	-	698,633
Interest	-	-	3,548	-	-	-	3,548	-	190,403	193,951
Other	19,741	14,537	16,732	3,359	26,191	4,582	85,142	20,953	81,113	166,255
Depreciation and amortization	75,908	23,823	17,470	4,765	3,176	1,213	126,355	-	98,471	224,826
<b>Total</b>	<b>\$ 2,160,081</b>	<b>\$ 350,585</b>	<b>\$ 522,372</b>	<b>\$ 264,284</b>	<b>\$ 1,095,584</b>	<b>\$ 527,615</b>	<b>\$ 4,920,521</b>	<b>\$ 205,706</b>	<b>\$ 1,230,729</b>	<b>\$ 6,151,250</b>

See notes to financial statements.

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

**Statement of Cash Flows**

	<b>Year Ended</b>	
	<b>June 30</b>	
	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 549,379	\$ 460,880
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Amortization of deferred financing costs	46,152	61,536
Depreciation and amortization	225,748	224,826
Endowment contributions	(747,000)	-
(Increase) decrease in assets		
Accounts receivable	(80,583)	43,860
Contributions and grants receivable	146,429	(942,186)
Prepaid expenses and other	33,755	(12,953)
Security deposits	(10,383)	(10,166)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(393,869)	434,167
Unearned revenue	(21,315)	(60,074)
Net cash provided by (used in) operating activities	<u>(251,687)</u>	<u>199,890</u>
<b>Cash flows (used in) investing activities</b>		
Purchases of property and equipment	<u>(274,704)</u>	<u>(382,115)</u>
<b>Cash flows from financing activities</b>		
Proceeds from line of credit	7,848	295,643
Repayment on line of credit	-	(301,334)
Proceeds on loans payable	593,637	-
Repayment of loans payable	(59,307)	(57,384)
Endowment contributions	<u>747,000</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>1,289,178</u>	<u>(63,075)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>762,787</b>	<b>(245,300)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>123,540</u></b>	<b><u>368,840</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 886,327</u></b>	<b><u>\$ 123,540</u></b>
<b>Supplemental disclosure of cash flows information:</b>		
Cash paid for interest	<u>\$ 133,269</u>	<u>\$ 132,415</u>

See notes to financial statements.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.****Notes to Financial Statements  
June 30, 2020 and June 30, 2019****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, 2020 and June 30, 2019****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. Also included in this category at June 30, 2020 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 programs. At June 30, 2019, KCS did not have any net assets with perpetual donor 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, 2020 and June 30, 2019, KCS has established an allowance for doubtful accounts for approximately \$54,000 and \$33,000, 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.

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, 2020 and June 30, 2019****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

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.

During 2020 and 2019, KCS received donated food valued at \$2,300 and \$5,060, respectively.

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, 2020 and June 30, 2019**

**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 January 15, 2021 for these financial statements.

In early 2020, the World Health Organization declared a novel coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern. This has adversely affected KCS's program participants, donors, and suppliers as result of quarantines, facility closures, and travel and logistics restrictions in connection with the outbreak. More broadly, the outbreak could affect workforces, economies and financial markets globally, potentially leading to an economic downturn. This could decrease spending, adversely affect demand on the KCS's services and harm the KCS's business and results of operations. Management continues to monitor the outbreak, however, as of the date of these financial statements, the overall potential impact of such on the KCS's business cannot be quantified.

In July 2020, KCS applied for 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 bears interest at 2.75% per annum and calls for monthly principal and interest payments of \$641 commencing July 2021 through July 2050 when the loan matures. The loan is secured by certain personal property of KCS.

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

As of June 30, 2020 and 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:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 886,327	\$ 123,540
Accounts receivable, net	337,995	257,412
Contributions and grants receivable, current	<u>1,340,353</u>	<u>1,393,782</u>
Total financial assets	<u>\$ 2,564,675</u>	<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) that it can draw upon as needed.

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

**Notes to Financial Statements (continued)**

**June 30, 2020 and June 30, 2019**

**Note 4 – Contributions and grants receivable**

At June 30, 2020 and June 30, 2019, contributions and grants receivable, which are reflected at their present value are due as follows:

<u>Fiscal Year</u>	<u>2020</u>	<u>2019</u>
2020	\$ -	\$1,393,782
2021	1,340,353	100,000
2022	100,000	100,000
2023	<u>100,000</u>	<u>100,000</u>
Total	1,540,353	1,693,782
Less: discount at 2%	<u>(10,000)</u>	<u>(17,000)</u>
Sub-total	1,530,353	1,676,782
Less: current portion	<u>(1,340,353)</u>	<u>(1,393,782)</u>
Long-term portion	<u>\$ 190,000</u>	<u>\$ 283,000</u>

**Note 5 – Property and equipment**

The following is a summary of property and equipment as of June 30, 2020 and June 30, 2019:

	<u>2020</u>	<u>2019</u>
Land	\$1,725,000	\$1,725,000
Building and improvements	6,767,401	6,543,887
Leasehold improvements	92,070	92,070
Furniture and equipment	<u>374,597</u>	<u>323,407</u>
Sub-total	8,959,068	8,684,364
Less: accumulated depreciation and amortization	<u>837,483</u>	<u>611,735</u>
Total	<u>\$8,121,585</u>	<u>\$8,072,629</u>

**Note 6 – Line of credit**

During 2017, KCS obtained a \$500,000 line of credit which expires March 1, 2021. Borrowings under the line of credit bear interest at The Wall Street Journal Prime Rate plus .75% (3.50% at June 30, 2020). The line is secured by certain business assets of KCS. As of June 30, 2020, KCS had \$498,316 outstanding under the line.

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

**Notes to Financial Statements (continued)**

**June 30, 2020 and June 30, 2019**

**Note 7 – Loans payable**

Mortgage loan

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 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 and is in the process of refinancing the mortgage loan. 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. At June 30, 2020, \$2,814,805 was outstanding on the loan.

Paycheck Protection Program loan

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 has elected to record the proceeds as a liability until the loan is, in part or wholly, forgiven and KCS is legally released. KCS believes it has spent all of the proceeds in accordance with the terms of PPP loan program and expects to have the loan forgiven in its entirety during the 2021 fiscal year. Any amounts not forgiven are subject to interest at a fixed rate of 1% for a two year-term.

**Note 8 – 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, 2020 and June 30, 2019:

<u>Purpose</u>	2020			
	<u>Balance at June 30, 2019</u>	<u>Contributions</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance June 30, 2020</u>
Building funds	\$ 393,604	\$ 24,885	\$ (237,614)	\$ 180,875
Covid Relief	-	242,000	(41,313)	200,687
Development	35,000	-	-	35,000
Education and immigration	-	11,500	(3,310)	8,190
Emergency funds	13,217	10,000	(12,879)	10,338
Meal delivery	-	20,000	(10,920)	9,080
Workforce	8,000	75,000	(83,000)	-
Holiday gifts center	800	750	(800)	750
Total	<u>\$ 450,621</u>	<u>\$ 384,135</u>	<u>\$ (389,836)</u>	<u>\$ 444,920</u>

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

**Notes to Financial Statements (continued)  
June 30, 2020 and June 30, 2019**

**Note 8 – Net assets with temporary donor restrictions (continued)**

<u>Purpose</u>	2019			
	<u>Balance at June 30, 2018</u>	<u>Contributions</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance June 30, 2019</u>
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>

**Note 9 – Commitments**

Lease agreements

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.

In July 2019, KCS entered into a three year lease agreement for additional office space. The lease calls 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 December 2019, KCS entered into a two year lease agreement for additional office space. The lease calls 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.

The following is a summary of the required annual minimum lease payments as of June 30, 2020:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 197,812
2022	162,314
2023	<u>45,415</u>
Total	<u>\$ 405,541</u>

Rent expense totaled \$295,561 and \$291,215 for the years ended June 30, 2020 and June 30, 2019, respectively.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.****Notes to Financial Statements (continued)****June 30, 2020 and June 30, 2019****Note 9 – Commitments (continued)****Construction contract**

KCS entered into a contract, including subsequent change orders, for approximately \$323,000 for the replacement of the kitchen roof. Work completed through June 30, 2020 was approximately \$185,000. The project is expected to be completed in the 2021 fiscal year.

**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 \$12,251 and \$8,532 for years ended June 30, 2020 and June 30, 2019, 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.