

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

**Financial Statements  
For the Years Ended  
June 30, 2021  
and  
June 30, 2020**

**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, 2021 and June 30, 2020 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

***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, 2021 and June 30, 2020 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.

  
December 2, 2021

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

**Statement of Financial Position**

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,434,196	\$ 854,326
Investments, at fair value	809,862	32,001
Accounts receivable, net	233,276	337,995
Contributions and grants receivable	2,111,868	1,340,353
Prepaid expenses and other	64,339	54,880
Total current assets	4,653,541	2,619,555
<b>Property and equipment, net</b>	8,354,425	8,121,585
<b>Contributions and grants receivable, net of current portion</b>	96,000	190,000
<b>Restricted cash (debt service reserve)</b>	255,531	-
<b>Security deposits</b>	38,925	38,925
<b>Total assets</b>	<b>\$13,398,422</b>	<b>\$10,970,065</b>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Line of credit	\$ -	\$ 498,316
Accounts payable and accrued expenses	693,525	433,429
Unearned revenue	198,947	141,449
Current portion of mortgage loan payable	108,600	2,814,805
PPP loan payable	630,818	593,637
Total current liabilities	1,631,890	4,481,636
<b>Mortgage loan payable, net</b>	4,033,869	-
Total liabilities	5,665,759	4,481,636
<b>Net assets</b>		
Without donor restrictions	6,605,070	5,296,509
With donor restrictions	1,127,593	1,191,920
Total net assets	7,732,663	6,488,429
<b>Total liabilities and net assets</b>	<b>\$ 13,398,422</b>	<b>\$ 10,970,065</b>

See notes to financial statements.

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

**Statement of Activities  
Years Ended June 30, 2021 and June 30, 2020**

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>Public support and revenue</b>				
Government grants	\$ 2,725,290	\$ -	\$ 2,068,013	\$ -
Contract grants	2,127,721	-	1,054,834	-
Contributions	330,522	480,000	208,090	1,131,135
Program service fees	1,375,252	-	1,260,111	-
Special events, net of direct benefits to donors of \$54,690 and \$197,562 in 2021 and 2020, respectively	403,242	-	327,668	-
Investment return, net	19,906	34,461	584	-
In-kind contributions	1,000	-	2,300	-
Other	62,156	-	113,618	-
Net assets released from restrictions	578,788	(578,788)	389,836	(389,836)
Total public support and revenue	<u>7,623,877</u>	<u>(64,327)</u>	<u>5,425,054</u>	<u>741,299</u>
<b>Expenses</b>				
Program services	4,992,046	-	4,460,685	-
Supporting activities				
Management and general	1,204,346	-	1,024,532	-
Fundraising	118,924	-	131,757	-
Total supporting activities	<u>1,323,270</u>	<u>-</u>	<u>1,156,289</u>	<u>-</u>
Total expenses	<u>6,315,316</u>	<u>-</u>	<u>5,616,974</u>	<u>-</u>
<b>Increase (decrease) in net assets</b>	1,308,561	(64,327)	(191,920)	741,299
<b>Net assets, beginning of year</b>	<u>5,296,509</u>	<u>1,191,920</u>	<u>5,488,429</u>	<u>450,621</u>
<b>Net assets, end of year</b>	<u>\$ 6,605,070</u>	<u>\$ 1,127,593</u>	<u>\$ 5,296,509</u>	<u>\$ 1,191,920</u>
				<u>\$ 2,068,013</u>
				<u>1,054,834</u>
				<u>1,339,225</u>
				<u>1,260,111</u>
				<u>327,668</u>
				<u>584</u>
				<u>2,300</u>
				<u>113,618</u>
				<u>6,166,353</u>
				<u>4,460,685</u>
				<u>1,024,532</u>
				<u>131,757</u>
				<u>1,156,289</u>
				<u>5,616,974</u>
				<u>549,379</u>
				<u>5,939,050</u>
				<u>6,488,429</u>

See notes to financial statements.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Statement of Functional Expenses  
Year Ended June 30, 2021  
(With Summarized Comparative Information for 2020)

	2021										2020													
	Program Services					Supporting Activities					Program Services					Supporting Activities								
	Aging Programs	Adult Day Care	Education & Immigration	Workforce Development	Public Health Research	Mental Health Clinic	Resource Navigator	Total	Management and General	Fundraising	Total	Aging Programs	Adult Day Care	Education & Immigration	Workforce Development	Public Health Research	Mental Health Clinic	Resource Navigator	Total	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	\$ 268,575	\$ 109,522	\$ 378,097	\$ 3,856,514	\$ 3,153,717											
Professional fees	20,592	2,557	8,364	3,516	23,723	39,013	6,341	104,106	297,641	1,614	299,255	403,361	371,326											
Occupancy	215,758	6,805	6,217	18,655	35,486	42,681	-	325,582	38,279	-	38,279	363,861	409,821											
Equipment and rental	34,375	5,237	12,121	3,833	3,297	-	-	58,863	11,697	-	11,697	70,560	37,866											
Vehicles	81,413	2,983	20	414	1,077	-	-	85,907	29,980	-	29,980	115,887	106,300											
Telecommunications	5,751	1,950	2,449	1,174	6,848	775	-	18,947	7,532	-	7,532	26,479	26,906											
Supplies	14,797	7,227	16,285	9,256	35,204	1,474	2,035	86,278	6,317	53	6,370	92,648	97,451											
Printing and copying	-	-	1,884	450	10,166	-	-	12,500	1,289	-	1,289	15,072	12,258											
Travel	783	59	63	3,910	10,079	-	-	14,894	127	51	178	15,072	24,800											
Conferences and meetings	2,380	843	60	4,046	3,851	246	-	11,426	3,417	750	4,167	15,593	19,321											
Contract services	-	-	-	39,210	68,168	-	-	107,378	-	-	1,500	108,878	98,110											
Program	25,639	2,923	22,117	20,431	54,693	6,936	4,398	137,137	14,425	1,561	15,986	153,123	138,965											
Food	294,826	34,248	-	602	-	-	-	329,676	7,990	340	8,330	338,006	530,632											
Interest	-	-	-	-	-	-	-	-	167,090	-	167,090	167,090	179,769											
Insurance	9,468	1,501	3,325	1,830	7,543	2,696	3,723	30,086	7,449	947	8,396	38,482	32,803											
Advertising	-	-	3,518	-	750	47,120	500	51,888	-	-	-	51,888	43,302											
Other	6,651	1,493	2,490	3,394	7,916	1,851	2,520	26,315	234,200	2,586	236,786	263,101	107,879											
Catering, facility, and other	-	-	-	-	-	-	-	-	-	54,690	54,690	54,690	197,562											
Depreciation and amortization	57,265	26,211	19,221	5,242	3,495	1,212	-	112,646	108,338	-	108,338	220,984	225,748											
Total expenses by function	1,864,400	267,594	482,558	327,479	1,144,347	455,753	449,915	4,992,046	1,204,346	173,614	1,377,960	6,370,006	5,814,536											
Less: direct expenses of special events net with revenue on the statement of activities	-	-	-	-	-	-	-	-	-	54,690	54,690	54,690	197,562											
Total	\$ 1,864,400	\$ 267,594	\$ 482,558	\$ 327,479	\$ 1,144,347	\$ 455,753	\$ 449,915	\$ 4,992,046	\$ 1,204,346	\$ 118,924	\$ 1,323,270	\$ 6,315,316	\$ 5,616,974											

See notes to financial statements.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Statement of Functional Expenses  
Year Ended June 30, 2020

	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	\$ 1,047,641	\$ 269,545	\$ 391,630	\$ 187,702	\$ 577,649	\$ 311,229	\$ 2,315	\$ 301,604	\$ 64,402	\$ 366,006	\$ 3,153,717
Professional fees	25,322	4,405	6,551	7,748	16,517	33,938	38	263,754	13,053	276,807	371,326
Occupancy	220,113	11,315	10,637	20,476	33,461	48,724	-	65,095	-	65,095	409,821
Equipment and rental	7,712	2,638	2,494	8,351	7,870	378	-	8,423	-	8,423	37,866
Vehicles	86,546	19,754	-	-	-	-	-	-	-	-	106,300
Telecommunications	6,632	1,598	2,172	2,509	5,567	1,821	-	6,607	-	6,607	26,906
Supplies	18,576	12,153	12,833	12,069	27,650	1,904	-	8,585	3,681	12,266	97,451
Printing and copying	1,191	-	296	539	8,093	150	-	-	1,989	1,989	12,258
Travel	734	7,119	347	9,992	4,966	159	-	1,197	286	1,483	24,800
Conferences and meetings	544	450	-	5,507	5,911	602	-	5,801	506	6,307	19,321
Contract services	-	-	-	-	98,110	-	-	-	-	-	98,110
Program	11,930	8,391	25,679	13,179	32,371	(285)	-	47,700	-	47,700	138,965
Food	500,748	28,868	-	-	1,016	-	-	-	-	-	530,632
Interest	-	-	-	-	-	-	-	179,769	-	179,769	179,769
Insurance	9,336	2,402	3,490	1,673	5,148	2,773	21	7,386	574	7,960	32,803
Advertising	300	-	19,627	4,125	15,400	-	-	3,850	-	3,850	43,302
Other	22,244	2,790	2,696	2,193	6,941	2,042	13	21,694	47,266	68,960	107,879
Catering, facility, and other	-	-	-	-	-	-	-	-	197,562	197,562	197,562
Depreciation and amortization	69,935	24,936	18,286	4,987	3,325	1,212	-	103,067	-	103,067	225,748
<b>Total expenses by function</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>1,024,532</b>	<b>329,319</b>	<b>1,353,851</b>	<b>5,814,536</b>
Less: direct expenses of special events net with revenue on the statement of activities	-	-	-	-	-	-	-	-	197,562	197,562	197,562
<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>\$ 1,024,532</b>	<b>\$ 131,757</b>	<b>\$ 1,156,289</b>	<b>\$ 5,616,974</b>

See notes to financial statements.

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

### Statement of Cash Flows

	Year Ended June 30	
	2021	2020
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 1,244,234	\$ 549,379
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Amortization of deferred financing costs	5,807	46,152
Depreciation and amortization	220,984	225,748
Endowment contributions	-	(747,000)
Forgiveness of PPP loan	(593,637)	-
Unrealized (gain) loss on investments	(51,379)	4,997
(Increase) decrease in assets		
Accounts receivable	104,719	(80,583)
Contributions and grants receivable	(677,515)	146,429
Prepaid expenses and other	(9,459)	33,755
Security deposits	-	(10,383)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	260,096	(393,869)
Unearned revenue	57,498	(21,315)
Net cash provided by (used in) operating activities	561,348	(246,690)
<b>Cash flows from investing activities</b>		
Purchases of investments, net	(726,482)	(36,998)
Purchases of property and equipment	(453,824)	(274,704)
Net cash (used in) investing activities	(1,180,306)	(311,702)
<b>Cash flows from financing activities</b>		
Proceeds from line of credit	-	7,848
Repayment on line of credit	(498,316)	-
Proceeds on mortgage loan payable	4,250,000	-
Repayment of mortgage loan payable	(2,841,053)	(59,307)
Proceeds on PPP loan	630,818	593,637
Proceeds on EIDL loan	150,000	-
Repayment on EIDL loan	(150,000)	-
Deferred financing costs	(87,090)	-
Endowment contributions	-	747,000
Net cash provided by financing activities	1,454,359	1,289,178
<b>Net increase in cash and cash equivalents</b>	<b>835,401</b>	<b>730,786</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>854,326</b>	<b>123,540</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,689,727</b>	<b>\$ 854,326</b>
Consists of:		
Cash – operations	\$ 1,434,196	\$ 854,326
Cash – restricted for debt service reserve	255,531	-
Total	\$ 1,689,727	\$ 854,326
<b>Supplemental disclosure of cash flows information:</b>		
Cash paid for interest	\$ 161,283	\$ 133,269

See notes to financial statements.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.****Notes to Financial Statements  
June 30, 2021 and June 30, 2020****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, 2021 and June 30, 2020****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, 2021 and 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 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, 2021 and June 30, 2020, KCS has established an allowance for doubtful accounts for approximately \$274,000 and \$54,000, 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 payment term of the loan.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.****Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020****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.

During fiscal 2021 and 2020, KCS received donated food valued at \$1,000 and \$2,300, 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.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.****Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020****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, 2021. 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.

Risks and uncertainties

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.

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 December 2, 2021 for these financial statements.

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

**Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020**

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

As of June 30, 2021 and June 30, 2020, financial assets and liquidity resources available within one year of the statements of financial position date for general expenditures were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents - operations	\$ 1,434,196	\$ 886,327
Investment, at fair value	809,862	32,001
Accounts receivable, net	233,276	337,995
Contributions and grants receivable, current	<u>2,111,868</u>	<u>1,340,353</u>
Subtotal	\$ 4,589,202	\$ 2,596,676
Less: net assets with perpetual restrictions	<u>(747,000)</u>	<u>(747,000)</u>
Total	<u>\$ 3,842,202</u>	<u>\$ 1,849,676</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.

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

The following is a summary of the investments as of June 30, 2021 and June 30, 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$ 201,448	\$ 201,448	\$ 635	\$ 635
Common stocks	534,232	580,231	8,563	10,174
Mutual funds	<u>16,759</u>	<u>28,183</u>	<u>16,759</u>	<u>21,192</u>
Total	<u>\$ 752,439</u>	<u>\$ 809,862</u>	<u>\$ 25,957</u>	<u>\$ 32,001</u>

The investment return for the years ended June 30, 2021 and June 30, 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 4,705	\$ 5,581
Unrealized gain (loss) on investments	<u>51,379</u>	<u>(4,997)</u>
Sub-total	56,084	584
Less: fees	<u>1,717</u>	<u>-</u>
Total investment return	<u>\$ 54,367</u>	<u>\$ 584</u>

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

**Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020**

**Note 5 – Contributions and grants receivable**

At June 30, 2021 and June 30, 2020, contributions and grants receivable, which are reflected at their present value are due as follows:

<u>Fiscal Year</u>	<u>2021</u>	<u>2020</u>
2021	\$ -	\$1,340,353
2022	2,111,868	100,000
2023	<u>100,000</u>	<u>100,000</u>
Total	2,211,868	1,540,353
Less: discount at 2%	<u>(4,000)</u>	<u>(10,000)</u>
Sub-total	2,207,868	1,530,353
Less: current portion	<u>(2,111,868)</u>	<u>(1,340,353)</u>
Long-term portion	<u>\$ 96,000</u>	<u>\$ 190,000</u>

**Note 6 – Property and equipment**

The following is a summary of property and equipment as of June 30, 2021 and June 30, 2020:

	<u>2021</u>	<u>2020</u>
Land	\$1,725,000	\$1,725,000
Building and improvements	7,193,225	6,767,401
Leasehold improvements	92,070	92,070
Furniture and equipment	<u>402,597</u>	<u>374,597</u>
Sub-total	9,412,892	8,959,068
Less: accumulated depreciation and amortization	<u>1,058,467</u>	<u>837,483</u>
Total	<u>\$8,354,425</u>	<u>\$8,121,585</u>

**Note 7 – Line of credit**

During 2017, KCS had 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 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 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 from the proceeds of KCS’ new mortgage loan.

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

**Notes to Financial Statements (continued)**

**June 30, 2021 and June 30, 2020**

**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, 2021 was \$255,531. 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, 2021 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 108,600
2023	112,516
2024	116,190
2025	120,766
2026	<u>3,765,680</u>
Subtotal	4,223,752
Less: deferred financing costs	81,283
Less: current portion	<u>108,600</u>
Long-term mortgage payable	<u>\$ 4,033,869</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 is, in part or wholly, forgiven and KCS is 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 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 2022 fiscal year. Any amounts not forgiven are subject to interest at a fixed rate of 1% for a five year-term.

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

**Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020**

**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, 2021 and June 30, 2020:

<u>Purpose</u>	2021			
	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	-	50,000	-	50,000
Total	<u>\$ 444,920</u>	<u>\$ 514,461</u>	<u>\$ (578,788)</u>	<u>\$ 380,593</u>

  

<u>Purpose</u>	2020			
	Balance at June 30, 2019	Investment Return and Contributions	Net Assets Released from Restrictions	Balance June 30, 2020
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>

**Note 11 – 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.

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

**Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020**

**Note 11 – Commitments (continued)**

Lease agreements (continued)

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 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 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 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, 2021:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 293,727
2023	236,947
2024	<u>207,688</u>
Total	<u>\$ 738,362</u>

Rent expense totaled \$292,354 and \$295,561 for the years ended June 30, 2021 and June 30, 2020, 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 \$19,155 and \$12,251 for years ended June 30, 2021 and June 30, 2020, respectively.

**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.