

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

**Financial Statements
For the Years Ended
June 30, 2024
and
June 30, 2023**

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, 2024 and June 30, 2023, 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, 2024 and June 30, 2023, 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' 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 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' 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' 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.

Condon D'Mears McIntyre & Donnelly LLP

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Statement of Financial Position

Assets

	June 30	
	2024	2023
Current assets		
Cash and cash equivalents	\$ 381,895	\$ 1,095,790
Investments, at fair value	1,046,150	929,777
Accounts receivable, net	235,025	186,953
Contributions and grants receivable	4,340,981	3,460,918
Prepaid expenses and other	<u>68,445</u>	<u>123,740</u>
Total current assets	6,072,496	5,797,178
Property and equipment, net	8,410,842	8,534,234
Restricted cash (debt service reserve)	-	256,043
Security deposits	59,189	58,925
Right-of-use asset – operating leases	<u>330,112</u>	<u>395,793</u>
Total assets	<u>\$ 14,872,639</u>	<u>\$ 15,042,173</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 1,224,860	\$ 1,326,653
Unearned revenue	196,364	339,909
Current portion of mortgage loan payable	120,766	116,190
Current portion of operating leases liability	<u>220,233</u>	<u>275,871</u>
Total current liabilities	1,762,223	2,058,623
Mortgage loan payable, net	3,736,650	3,839,998
Operating leases liability, net of current portion	<u>110,641</u>	<u>119,922</u>
Total liabilities	<u>5,609,514</u>	<u>6,018,543</u>
Net assets		
Without donor restrictions	7,614,322	7,770,398
With donor restrictions	<u>1,648,803</u>	<u>1,253,232</u>
Total net assets	<u>9,263,125</u>	<u>9,023,630</u>
Total liabilities and net assets	<u>\$ 14,872,639</u>	<u>\$ 15,042,173</u>

See notes to financial statements.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Statement of Activities
Years Ended June 30, 2024 and June 30, 2023

	2024			2023		
	<u>Without</u>	<u>With</u>		<u>Without</u>	<u>With</u>	
	<u>Donor</u>	<u>Donor</u>		<u>Donor</u>	<u>Donor</u>	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
Public support and revenue						
Government grants	\$7,113,578	\$ -	\$7,113,578	\$ 6,225,478	\$ -	\$ 6,225,478
Contract grants	907,201	-	907,201	1,451,234	-	1,451,234
Contributions	45,881	642,308	688,189	105,685	351,075	456,760
Program service fees	1,957,214	-	1,957,214	1,986,590	-	1,986,590
Special events, net of direct benefits to donors of \$268,795 and \$296,011 in 2024 and 2023, respectively	460,067	-	460,067	624,476	-	624,476
Investment return, net	199,711	-	199,711	86,542	-	86,542
Other	133,872	-	133,872	104,250	-	104,250
Net assets released from restrictions	246,737	(246,737)	-	238,510	(238,510)	-
Total public support and revenue	11,064,261	395,571	11,459,832	10,822,765	112,565	10,935,330
Expenses						
Program services	8,812,773	-	8,812,773	8,553,487	-	8,553,487
Supporting activities						
Management and general	2,156,130	-	2,156,130	1,988,389	-	1,988,389
Fundraising	251,434	-	251,434	232,642	-	232,642
Total supporting activities	2,407,564	-	2,407,564	2,221,031	-	2,221,031
Total expenses	11,220,337	-	11,220,337	10,774,518	-	10,774,518
Increase (decrease) in net assets	(156,076)	395,571	239,495	48,247	112,565	160,812
Net assets, beginning of year	7,770,398	1,253,232	9,023,630	7,722,151	1,140,667	8,862,818
Net assets, end of year	\$7,614,322	\$1,648,803	\$9,263,125	\$ 7,770,398	\$ 1,253,232	\$ 9,023,630

See notes to financial statements.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Statement of Functional Expenses
Year Ended June 30, 2024
(With Summarized Comparative Information for 2023)

	2024						2023					
	Program Services						Supporting Activities					
	Aging Programs	Adult Day Care	Education & Immigration	Workforce Development	Public Health	Mental Health Clinic	Management and General	Fundraising	Total	Total	Total	Total
Salaries and related benefits	\$ 2,048,604	\$ 254,762	\$ 753,561	\$ 561,507	\$1,562,450	\$ 700,518	\$ 948,893	\$ 232,902	\$1,181,795	\$7,063,197	\$ 6,574,211	
Professional fees	44,094	4,635	14,143	12,999	28,430	47,427	463,056	4,237	467,293	619,021	610,535	
Occupancy	346,153	9,232	18,585	32,775	77,196	56,865	156,884	-	156,884	697,690	702,744	
Equipment and rental	16,785	5,045	10,971	10,542	29,221	2,906	10,590	-	10,590	86,060	60,170	
Vehicles	40,078	6,938	-	459	1,126	-	98,524	-	98,524	147,125	130,229	
Telecommunications	4,993	803	2,197	7,390	18,602	5,437	6,856	-	6,856	46,278	45,225	
Supplies	63,230	10,221	21,802	22,602	45,636	18,208	6,064	-	6,064	187,763	253,196	
Printing and copying	2,367	1,376	4,124	9,179	35,121	655	5,163	98	5,261	58,083	59,530	
Travel	2,762	1,450	157	12,235	20,607	2,922	19,574	150	19,724	59,857	70,184	
Conferences and meetings	4,941	1,830	1,516	4,363	20,102	3,692	19,138	3,153	22,291	58,735	75,114	
Contract services	96,717	4,327	7,000	150	29,699	14,080	3,417	-	3,417	155,390	182,478	
Program	90,422	14,219	42,676	123,905	129,370	31,367	547	-	547	432,506	244,821	
Food	817,519	15,408	-	4,724	-	-	7,455	-	7,455	845,106	1,042,117	
Interest	-	-	-	-	-	-	157,625	-	157,625	157,625	161,309	
Insurance	18,598	2,313	6,841	5,097	14,184	6,359	18,083	2,114	20,197	73,589	57,198	
Advertising	16,300	6,096	65,420	7,800	43,350	-	15,051	4,676	19,727	158,693	113,857	
Other	9,097	1,282	2,271	2,530	10,151	8,523	88,318	4,104	92,422	126,276	147,853	
Catering, facility, and other	-	-	-	-	-	-	-	268,795	268,795	268,795	296,011	
Depreciation and amortization	51,837	15,339	26,588	11,249	10,226	1,212	130,892	-	130,892	247,343	243,747	
Total expenses by function	3,674,497	355,276	977,852	829,506	2,075,471	900,171	2,156,130	520,229	2,676,359	11,489,132	11,070,529	
Less: direct expenses of special events net with revenue on the statement of activities	-	-	-	-	-	-	-	268,795	268,795	268,795	296,011	
Total	\$ 3,674,497	\$ 355,276	\$ 977,852	\$ 829,506	\$2,075,471	\$ 900,171	\$2,156,130	\$ 251,434	\$2,407,564	\$11,220,337	\$10,774,518	

See notes to financial statements.

Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services						Supporting Activities				
	Aging Programs	Adult Day Care	Education & Immigration	Workforce Development	Public Health/Mental Health		Management and General	Fundraising	Total		
					Research	Clinic				Resource Navigator	Total
Salaries and related benefits	\$2,008,723	\$ 278,888	\$ 622,763	\$ 674,068	\$1,521,984	\$ 440,843	\$ 86,798	\$ 736,305	\$ 203,839	\$ 940,144	\$6,574,211
Professional fees	49,106	5,447	15,103	13,165	34,867	49,379	1,695	425,291	16,482	441,773	610,535
Occupancy	350,761	9,138	17,246	39,050	65,790	44,898	-	175,861	-	175,861	702,744
Equipment and rental	11,809	2,314	14,827	5,888	5,156	647	-	19,529	-	19,529	60,170
Vehicles	78,554	11,742	-	1,313	7,185	-	-	31,435	-	31,435	130,229
Telecommunications	5,518	547	2,006	7,063	16,451	3,786	-	9,854	-	9,854	45,225
Supplies	81,891	11,600	24,072	34,161	55,337	12,970	2,319	30,385	461	30,846	253,196
Printing and copying	180	430	1,036	1,213	35,199	3,330	-	17,262	880	18,142	59,530
Travel	6,139	2,051	1,630	14,536	20,666	1,339	-	23,026	797	23,823	70,184
Conferences and meetings	5,740	2,500	3,772	7,381	22,130	2,943	-	28,260	2,388	30,648	75,114
Contract services	82,820	5,613	5,000	85,485	3,200	-	-	360	-	360	182,478
Program	38,847	8,853	26,220	82,273	64,213	14,071	1,599	8,745	-	8,745	244,821
Food	974,261	17,004	-	-	844	-	-	50,008	-	50,008	1,042,117
Interest	-	-	-	-	-	-	-	161,309	-	161,309	161,309
Insurance	15,731	2,184	4,877	5,279	11,919	3,452	680	11,480	1,596	13,076	57,198
Advertising	6,390	255	52,290	8,288	29,972	910	-	15,752	-	15,752	113,857
Other	12,683	3,195	4,965	4,031	12,010	4,129	511	100,130	6,199	106,329	147,853
Catering, facility, and other	-	-	-	-	-	-	-	-	296,011	296,011	296,011
Depreciation and amortization	53,332	7,966	15,933	13,941	7,966	1,212	-	143,397	-	143,397	243,747
Total expenses by function	3,782,485	369,727	811,740	997,135	1,914,889	583,909	93,602	1,988,389	528,653	2,517,042	11,070,529
Less: direct expenses of special events net with revenue on the statement of activities	-	-	-	-	-	-	-	-	296,011	296,011	296,011
Total	\$3,782,485	\$ 369,727	\$ 811,740	\$ 997,135	\$1,914,889	\$ 583,909	\$ 93,602	\$1,988,389	\$ 232,642	\$2,221,031	\$10,774,518

See notes to financial statements.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Statement of Cash Flows

	Year Ended June 30	
	2024	2023
Cash flows from operating activities		
Increase in net assets	\$ 239,495	\$ 160,812
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Amortization of deferred financing costs	17,418	17,418
Depreciation and amortization	247,343	243,747
Donated stock	(21,521)	(30,803)
Realized loss on sale of investments	4,053	-
Unrealized (gain) on investments	(131,741)	(92,910)
Amortization of right-of-use assets – operating leases	65,681	150,748
(Increase) decrease in assets		
Accounts receivable	(48,072)	229,147
Contributions and grants receivable	(880,063)	452,604
Prepaid expenses and other	55,295	37,757
Security deposits	(264)	(13,000)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(101,793)	54,385
Unearned revenue	(143,545)	(307,660)
Change in operating leases liability	(64,919)	(150,748)
Net cash provided by (used in) operating activities	<u>(762,633)</u>	<u>751,497</u>
Cash flows from investing activities		
Investment activity, net	32,836	7,860
Purchases of property and equipment	<u>(123,951)</u>	<u>(346,386)</u>
Net cash (used in) investing activities	<u>(91,115)</u>	<u>(338,526)</u>
Cash flows (used in) financing activities		
Repayment of mortgage loan payable	<u>(116,190)</u>	<u>(112,516)</u>
Net increase (decrease) in cash and cash equivalents	(969,938)	300,455
Cash and cash equivalents, beginning of year	<u>1,351,833</u>	<u>1,051,378</u>
Cash and cash equivalents, end of year	<u>\$ 381,895</u>	<u>\$ 1,351,833</u>
Consists of:		
Cash – operations	\$ 381,895	\$ 1,095,790
Cash – restricted for debt service reserve	-	256,043
Total	<u>\$ 381,895</u>	<u>\$ 1,351,833</u>
Supplemental disclosure of cash flows information:		
Cash paid for interest	<u>\$ 140,207</u>	<u>\$ 143,891</u>

See notes to financial statements.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Notes to Financial Statements June 30, 2024 and June 30, 2023

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, nonsectarian 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 envisions a world where immigrant communities remain grounded in their heritage and work together with the broader community to build a better society at large.

In October 2023, the Board of KCS approved the merger of another not-for-profit entity into KCS. The merger has not yet been completed and KCS is awaiting approval from the New York State Office of Mental Health. The approval is expected to be received in fiscal 2025 with a corresponding fiscal 2025 effective date.

KCS’ services and programs include:

- Aging Programs & Adult Day Care: Operating Korean American Senior Centers (Flushing, Corona and Manhattan).
- Education & Immigration Program: Adult Literacy, Young Adult Service Program (YASP), Asian American high school and college students gain first-hand experience serving their communities and learn the importance of public service through internship placements at various nonprofit organizations and local elected officials’ offices across New York City. This immersive 7-week summer program also includes various workshops and events, such as a career panel and a resume workshop, to enrich their learning and growth. Immigration (KCS Immigration & Legal Services Department (“ILS”)) provides affordable and friendly legal services to Korean immigrants and the NYC community members.
- 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: first and only State-licensed outpatient mental health clinic in New York operated by a Korean American nonprofit. Our licensed clinicians provide bilingual (English / Korean) and culturally-sensitive mental health services. The Clinic also aims to raise awareness about mental health and in particular, combat the stigma and fear around receiving care in our community.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023****Note 2 – Summary of significant accounting policies****Basis of presentation**

The classification of KCS' 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.
- 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, 2024 and June 30, 2023 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, 2024 and June 30, 2023, KCS has established an allowance for doubtful accounts for approximately \$25,000 and \$150,000, 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.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**Notes to Financial Statements (continued)**
June 30, 2024 and June 30, 2023**Note 2 – Summary of significant accounting policies (continued)****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.

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.

Contributed nonfinancial assets

A number of volunteers, including members of the Board of Directors, have donated significant amounts of their time in KCS' 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.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**Notes to Financial Statements (continued)**
June 30, 2024 and June 30, 2023**Note 2 – Summary of significant accounting policies (continued)**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' 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, 2024. 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.

Leases

KCS follows the current lease accounting standards which establishes a right of use ("ROU") model that requires a lessee to record an ROU asset, which represents the right to use a respective asset for the lease term, and a lease liability on the statement of financial position at the present value of the remaining future payments due under the lease. KCS has elected to use a risk-free rate to discount its lease obligation to its net present value and to exclude leases with initial terms of 12 months or less.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Notes to Financial Statements (continued) June 30, 2024 and June 30, 2023

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 27, 2025 for these financial statements.

Note 3 – Financial assets and liquidity resources

As of June 30, 2024 and June 30, 2023, financial assets and liquidity resources available within one year of the statement of financial position date for general expenditures were as follows:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents - operations	\$ 381,895	\$ 1,095,790
Investment, at fair value	1,046,150	929,777
Accounts receivable, net	235,025	186,953
Contributions and grants receivable	<u>4,340,981</u>	<u>3,460,918</u>
Subtotal	6,004,051	5,673,438
Less: net assets with perpetual restrictions	<u>747,000</u>	<u>747,000</u>
Total	<u>\$ 5,257,051</u>	<u>\$ 4,926,438</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, 2024 and June 30, 2023:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$ 125,858	\$ 125,858	\$ 207,225	\$ 207,225
Common stocks	640,313	875,197	574,228	683,299
Mutual and exchange-traded funds	<u>20,895</u>	<u>45,095</u>	<u>20,981</u>	<u>39,253</u>
Total	<u>\$ 787,066</u>	<u>\$1,046,150</u>	<u>\$ 802,434</u>	<u>\$ 929,777</u>

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Notes to Financial Statements (continued) June 30, 2024 and June 30, 2023

Note 4 – Investments, at fair value (continued)

The investment return, net, for the years ended June 30, 2024 and June 30, 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 79,597	\$ 155
Unrealized gain on investments	131,741	92,910
Realized (loss) on sale of investments	<u>(4,053)</u>	<u>-</u>
Sub-total	207,285	93,065
Less: fees	<u>7,574</u>	<u>6,523</u>
Total investment return, net	<u>\$ 199,711</u>	<u>\$ 86,542</u>

Note 5 – Property and equipment

The following is a summary of property and equipment as of June 30, 2024 and June 30, 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 1,725,000	\$ 1,725,000
Building and improvements	7,815,803	7,691,852
Leasehold improvements	92,070	92,070
Furniture and equipment	<u>558,016</u>	<u>558,016</u>
Sub-total	10,190,889	10,066,938
Less: accumulated depreciation and amortization	<u>1,780,047</u>	<u>1,532,704</u>
Total	<u>\$ 8,410,842</u>	<u>\$ 8,534,234</u>

Note 6 – Commitments

During July 2024, KCS entered into an agreement with a contractor for approximately \$1.8 million for kitchen renovations. The project is expected to be completed in fiscal 2025.

Note 7 – Mortgage loan payable

During February 2021, KCS obtained a mortgage loan for \$4,250,000 to pay off the then outstanding debt 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 at which time a balloon payment of approximately \$3.7 million is due. 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, 2024 and June 30, 2023 was \$-0- and \$256,043, respectively. The loan is secured by a mortgage and security agreement on KCS' real property.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Notes to Financial Statements (continued) June 30, 2024 and June 30, 2023

Note 7 – Mortgage loan payable (continued)

The future minimum payments required on the loan at June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2025	\$ 120,766
2026	<u>3,765,680</u>
Subtotal	3,886,446
Less: deferred financing costs	29,030
Less: current portion	<u>120,766</u>
Long-term mortgage payable	<u>\$ 3,736,650</u>

Note 8 – Net assets with temporary donor restrictions

The following is a summary of the net assets with temporary donor restrictions for the years ended June 30, 2024 and June 30, 2023:

<u>Purpose</u>	2024			
	<u>Balance at June 30, 2023</u>	<u>Contributions</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance June 30, 2024</u>
Aging	\$ 10,368	\$ -	\$ (10,368)	\$ -
Anti-Asian hate network	99,851	100,000	(45,464)	154,387
Building funds	60,455	12,000	-	72,455
Education and immigration	9	5,000	(2,688)	2,321
Emergency funds	18,562	-	(4,337)	14,225
Gerstner fund	9,475	18,400	(21,930)	5,945
GOTV	-	3,000	-	3,000
Home care license	147,807	21,067	-	168,874
Mental health clinic	-	204,000	-	204,000
New Jersey healthcare navigation	54,803	100,000	(110,340)	44,463
Scholarships	59,661	128,841	(22,850)	165,652
Small business digital marketing literacy expansion	-	50,000	(11,032)	38,968
Sustainability fund	18,939	-	(9,224)	9,715
Time restricted	<u>26,302</u>	<u>-</u>	<u>(8,504)</u>	<u>17,798</u>
Total	<u>\$ 506,232</u>	<u>\$ 642,308</u>	<u>\$ (246,737)</u>	<u>\$ 901,803</u>

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Notes to Financial Statements (continued) June 30, 2024 and June 30, 2023

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

Purpose	2023			
	Balance at June 30, 2022	Contributions	Net Assets Released from Restrictions	Balance June 30, 2023
Aging	\$ 4,000	\$ 10,368	\$ (4,000)	\$ 10,368
Anti-Asian hate network	-	100,000	(149)	99,851
Building funds	47,255	13,200	-	60,455
Community fund	35,000	-	(35,000)	-
Education and immigration	8,720	1,700	(10,411)	9
Emergency funds	18,928	24,600	(24,966)	18,562
Gerstner fund	-	27,025	(17,550)	9,475
Holiday gifts center	2,650	1,000	(3,650)	-
Home care license	147,807	-	-	147,807
New Jersey healthcare navigation	-	100,000	(45,197)	54,803
Scholarships	19,461	73,182	(32,982)	59,661
Sustainability fund	25,000	-	(6,061)	18,939
Time restricted	41,901	-	(15,599)	26,302
Workforce	42,945	-	(42,945)	-
Total	<u>\$ 393,667</u>	<u>\$ 351,075</u>	<u>\$ (238,510)</u>	<u>\$ 506,232</u>

Note 9 – Operating lease liability

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 July 2022, KCS extended this lease agreement for an additional five months through November 2024.

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 January 2024, KCS further extended this lease agreement for an additional three years through February 2027, requiring monthly payments of \$3,565 and increasing to \$3,782 per month in the final year.

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 July 2023, KCS extended this lease agreement for an additional two years through July 2025, requiring monthly payments of \$1,655 in the first year and escalating to monthly payments of \$1,715 in the last year of the lease.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.**Notes to Financial Statements (continued)
June 30, 2024 and June 30, 2023****Note 9 – Operating lease liability (continued)**

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.

In August 2022, KCS entered into a one year lease agreement for additional office space. The lease called for monthly payments of \$1,475. In connection with the lease, KCS paid a security deposit of \$5,900, which is included in security deposits in the statement of financial position. In August 2023, KCS extended this lease agreement for an additional year through July 2024, requiring monthly payments of \$1,519. In August 2024, KCS further extended this lease agreement for an additional two years through July 2026, requiring monthly payments starting at \$1,635 and increasing to \$1,695 per month in the final year.

In September 2022, KCS entered into a lease agreement for a counseling center through November 2024. The lease calls for monthly payments of \$2,000. In connection with the lease, KCS paid a security deposit of \$2,000, which is included in security deposits in the statement of financial position.

In December 2022, KCS entered into a three year lease agreement for additional office space commencing February 1, 2023. The lease calls for monthly payments of \$1,700. In connection with the lease, KCS paid a security deposit of \$5,100, which is included in security deposits in the statement of financial position.

In January 2023, KCS entered into a two year lease agreement for additional office space. The lease calls for monthly payments of \$1,200. In connection with the lease, KCS paid a security deposit of \$2,200, which is included in security deposits in the statement of financial position.

In January 2024, KCS entered into a two year license agreement for additional office space. The license agreement calls for monthly payments of \$1,000.

In January 2024, KCS entered into a three year lease agreement for a vehicle. The lease calls for monthly payments of \$500. The vehicle is being used by KCS's Adult Day Care program for transportation of program participants.

KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

Notes to Financial Statements (continued) June 30, 2024 and June 30, 2023

Note 9 – Operating lease liability (continued)

Future minimum annual rental payments under the leases are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2025	\$ 220,233
2026	90,393
2027	<u>34,948</u>
Total	345,574
Less: present value discount	<u>14,700</u>
Operating lease liability	330,874
Less: current portion	<u>220,233</u>
Long-term portion	\$ <u>110,641</u>
Operating lease cost in 2024	\$ <u>289,146</u>
Operating lease cost in 2023	\$ <u>275,871</u>
ROU assets obtained in exchange for new lease payable	\$ <u>82,970</u>
Weighted-average remaining lease term	<u>1.5 years</u>

Rent expense totaled \$446,803 and \$413,331 for the years ended June 30, 2024 and June 30, 2023, respectively.

Note 10 – Retirement plan

KCS maintained a SIMPLE IRA retirement plan for all eligible employees, as defined by the plan, through January 1, 2024. Effective January 1, 2024, KCS established a 401(k) plan whereby eligible employees may contribute a portion of their compensation not to exceed the limit established by the Internal Revenue Service. For both plans, KCS matches employee contributions not to exceed 3% of compensation and may contribute a discretionary amount of each eligible employee's compensation. In connection with the plans, KCS incurred costs related to contributions totaling \$44,085 and \$23,568 for the years ended June 30, 2024 and June 30, 2023, 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.