

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

**Financial Statements  
For the Years Ended  
June 30, 2023  
and  
June 30, 2022**

**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, 2023 and June 30, 2022 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, 2023 and June 30, 2022, 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.

***Change in Accounting Principle***

As discussed in Note 2 to the financial statements, KCS has changed its method of accounting for operating leases as of July 1, 2022 due to the adoption of ASU 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to that matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KCS's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KCS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KCS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

*Condon O'Meara McGinty & Donnelly LLP*

February 2, 2024

# KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

## Statement of Financial Position

### Assets

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,095,790	\$ 795,591
Investments, at fair value	929,777	813,924
Accounts receivable, net	186,953	416,100
Contributions and grants receivable	3,460,918	3,913,522
Prepaid expenses and other	<u>123,740</u>	<u>161,497</u>
Total current assets	5,797,178	6,100,634
<b>Property and equipment, net</b>	8,534,234	8,431,595
<b>Restricted cash (debt service reserve)</b>	256,043	255,787
<b>Security deposits</b>	58,925	45,925
<b>Right-of-use asset – operating leases</b>	<u>395,793</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$15,042,173</u></b>	<b><u>\$14,833,941</u></b>

### Liabilities and Net Assets

<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 1,326,653	\$ 1,272,268
Unearned revenue	339,909	647,569
Current portion of mortgage loan payable	116,190	112,516
Current portion of operating leases liability	<u>275,871</u>	<u>-</u>
Total current liabilities	2,058,623	2,032,353
<b>Mortgage loan payable, net</b>	3,839,998	3,938,770
<b>Operating leases payable, net of current portion</b>	<u>119,922</u>	<u>-</u>
Total liabilities	<u>6,018,543</u>	<u>5,971,123</u>
<b>Net assets</b>		
Without donor restrictions	7,770,398	7,722,151
With donor restrictions	<u>1,253,232</u>	<u>1,140,667</u>
Total net assets	<u>9,023,630</u>	<u>8,862,818</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 15,042,173</u></b>	<b><u>\$ 14,833,941</u></b>

See notes to financial statements.

# KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

## Statement of Activities Years Ended June 30, 2023 and June 30, 2022

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Public support and revenue</b>				
Government grants	\$ 6,225,478	\$ -	\$ 6,225,478	\$ 4,926,820
Contract grants	1,451,234	-	1,451,234	2,250,142
Contributions	105,685	351,075	456,760	140,747
Program service fees	1,986,590	-	1,986,590	2,089,289
Special events, net of direct benefits to donors of \$296,011 and \$67,815 in 2023 and 2022, respectively	624,476	-	624,476	182,967
Investment return, net	86,542	-	86,542	(19,710)
Other	104,250	-	104,250	78,466
Net assets released from restrictions	238,510	(238,510)	-	190,600
Total public support and revenue	10,822,765	112,565	10,935,330	9,839,321
<b>Expenses</b>				
Program services	8,553,487	-	8,553,487	7,171,460
Supporting activities				
Management and general	1,988,389	-	1,988,389	1,488,264
Fundraising	232,642	-	232,642	62,516
Total supporting activities	2,221,031	-	2,221,031	1,550,780
Total expenses	10,774,518	-	10,774,518	8,722,240
<b>Increase in net assets</b>	48,247	112,565	160,812	1,117,081
<b>Net assets, beginning of year</b>	<b>7,722,151</b>	<b>1,140,667</b>	<b>8,862,818</b>	<b>6,605,070</b>
<b>Net assets, end of year</b>	<b>\$ 7,770,398</b>	<b>\$ 1,253,232</b>	<b>\$ 9,023,630</b>	<b>\$ 7,722,151</b>
				<b>\$ 1,140,667</b>
				<b>\$ 8,862,818</b>

See notes to financial statements.

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

**Statement of Functional Expenses**  
**Year Ended June 30, 2023**  
**(With Summarized Comparative Information for 2022)**

	2023										2022	
	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	Total
Salaries and related benefits	\$ 2,008,723	\$ 278,888	\$ 622,763	\$ 674,068	\$ 1,521,984	\$ 440,843	\$ 86,798	\$ 5,634,067	\$ 736,305	\$ 203,839	\$ 940,144	\$ 5,100,328
Professional fees	49,106	5,447	15,103	13,165	34,867	49,379	1,695	168,762	425,291	16,482	441,773	533,633
Occupancy	350,761	9,138	17,246	39,050	65,790	44,898	-	526,883	175,861	-	175,861	399,554
Equipment and rental	11,809	2,314	14,827	5,888	5,156	647	-	40,641	19,529	-	19,529	111,375
Vehicles	78,554	11,742	-	1,313	7,185	-	-	98,794	31,435	-	31,435	109,337
Telecommunications	5,518	547	2,006	7,063	16,451	3,786	-	35,371	9,854	-	9,854	37,655
Supplies	81,891	11,600	24,072	34,161	55,337	12,970	2,319	222,350	30,385	461	30,846	205,201
Printing and copying	180	430	1,036	1,213	35,199	3,330	-	41,388	17,262	880	18,142	40,709
Travel	6,139	2,051	1,630	14,536	20,666	1,339	-	46,361	23,026	797	23,823	51,341
Conferences and meetings	5,740	2,500	3,772	7,381	22,130	2,943	-	44,466	28,260	2,388	30,648	48,724
Contract services	82,820	5,613	5,000	85,485	3,200	-	-	182,118	360	-	360	443,271
Program	38,847	8,853	26,220	82,273	64,213	14,071	1,599	236,076	8,745	-	8,745	170,714
Food	974,261	17,004	-	-	844	-	-	992,109	50,008	-	50,008	733,566
Interest	-	-	-	-	-	-	-	-	161,309	-	161,309	165,238
Insurance	15,731	2,184	4,877	5,279	11,919	3,452	680	44,122	11,480	1,596	13,076	48,746
Advertising	6,390	255	52,290	8,288	29,972	910	-	98,105	15,752	-	15,752	118,896
Other	12,683	3,195	4,965	4,031	12,010	4,129	511	41,524	100,130	6,199	106,329	173,462
Catering, facility, and other	-	-	-	-	-	-	-	-	-	296,011	296,011	67,815
Depreciation and amortization	53,332	7,966	15,933	13,941	7,966	1,212	-	100,350	143,397	-	143,397	230,490
<b>Total expenses by function</b>	<b>3,782,485</b>	<b>369,727</b>	<b>811,740</b>	<b>997,135</b>	<b>1,914,889</b>	<b>583,909</b>	<b>93,602</b>	<b>8,553,487</b>	<b>1,988,389</b>	<b>528,653</b>	<b>2,517,042</b>	<b>8,790,055</b>
Less: direct expenses of special events net with revenue on the statement of activities	-	-	-	-	-	-	-	-	-	296,011	296,011	67,815
<b>Total</b>	<b>\$ 3,782,485</b>	<b>\$ 369,727</b>	<b>\$ 811,740</b>	<b>\$ 997,135</b>	<b>\$ 1,914,889</b>	<b>\$ 583,909</b>	<b>\$ 93,602</b>	<b>\$ 8,553,487</b>	<b>\$ 1,988,389</b>	<b>\$ 232,642</b>	<b>\$ 2,221,031</b>	<b>\$ 8,722,240</b>

See notes to financial statements.

**Statement of Functional Expenses**  
**Year Ended June 30, 2022**

See notes to financial statements.

# KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

## Statement of Cash Flows

	Year Ended June 30	
	2023	2022
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 160,812	\$ 1,130,155
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	243,747	230,490
Forgiveness of PPP loan	-	(630,818)
Donated stock	(30,803)	(24,873)
Proceeds from sale of donated stock	-	24,873
Unrealized (gain) loss on investments	(92,910)	22,990
Amortization of right-of-use assets – operating leases	150,748	-
(Increase) decrease in assets		
Accounts receivable	229,147	(182,824)
Contributions and grants receivable	452,604	(1,705,654)
Prepaid expenses and other	37,757	(97,158)
Security deposits	(13,000)	(7,000)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	54,385	578,743
Unearned revenue	(307,660)	448,622
Change in operating leases liability	(150,748)	-
Net cash provided by (used in) operating activities	<u>751,497</u>	<u>(195,036)</u>
<b>Cash flows from investing activities</b>		
Investment activity, net	7,860	(27,052)
Purchases of property and equipment	(346,386)	(307,660)
Net cash (used in) investing activities	<u>(338,526)</u>	<u>(334,712)</u>
<b>Cash flows (used in) financing activities</b>		
Repayment of mortgage loan payable	<u>(112,516)</u>	<u>(108,601)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>300,455</b>	<b>(638,349)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>1,051,378</u></b>	<b><u>1,689,727</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 1,351,833</u></b>	<b><u>\$ 1,051,378</u></b>
Consists of:		
Cash – operations	\$ 1,095,790	\$ 795,591
Cash – restricted for debt service reserve	<u>256,043</u>	<u>255,787</u>
Total	<u>\$ 1,351,833</u>	<u>\$ 1,051,378</u>
<b>Supplemental disclosure of cash flows information:</b>		
Cash paid for interest	<u>\$ 143,891</u>	<u>\$ 147,820</u>

See notes to financial statements.



# KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

## Notes to Financial Statements June 30, 2023 and June 30, 2022

### **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.

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.
- Resource Navigation Program: The City of New York, through the Mayor's Office of Housing Recovery Operations (HRO), sought support in recruiting and managing Resource Navigators to aid the NYC Health+Hospitals (H+H) Test & Trace Corps in response to the COVID-19 crisis. KCS acted as a subcontractor in the Resource Navigator program.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.****Notes to Financial Statements (continued)  
June 30, 2023 and June 30, 2022****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.
- 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, 2023 and June 30, 2022 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, 2023 and June 30, 2022, KCS has established an allowance for doubtful accounts for approximately \$150,000 and \$350,000, 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, 2023 and June 30, 2022****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, 2023 and June 30, 2022****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, 2023. 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.

New accounting pronouncement

Effective July 1, 2022, KCS adopted FASB ASU No. 2016-02, Leases (Topic 842) ("ASC 842"). ASC 842 requires a lessee to recognize a right-of-use ("ROU") asset for the operating leases term and a corresponding lease liability on the statement of financial position. In connection with the adoption of ASC 842, KCS has recognized an ROU asset and operating lease liability of \$546,541 at July 1, 2022 for the lease agreements (see note 9). The implementation of ASC 842 did not have an impact on KCS' operations and cash flows.

KCS has elected to use a risk-free rate to discount the payments to their present value. KCS' reporting for the comparative period presented in the financial statements is in accordance with the previous lease accounting standards. KCS has elected to not record leases with an initial term of 12 months or less on the statement of financial position.

# KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

## Notes to Financial Statements (continued) June 30, 2023 and June 30, 2022

### 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 February 2, 2024 for these financial statements.

### Note 3 – Financial assets and liquidity resources

As of June 30, 2023 and June 30, 2022, financial assets and liquidity resources available within one year of the statement of financial position date for general expenditures were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents - operations	\$ 1,095,790	\$ 795,591
Investment, at fair value	929,777	813,924
Accounts receivable, net	186,953	416,100
Contributions and grants receivable	<u>3,460,918</u>	<u>3,913,522</u>
Subtotal	5,673,438	5,939,137
Less: net assets with perpetual restrictions	<u>(747,000)</u>	<u>(747,000)</u>
Total	<u>\$ 4,926,438</u>	<u>\$ 5,192,137</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, 2023 and June 30, 2022:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$ 207,225	\$ 207,225	\$ 204,623	\$ 204,623
Common stocks	574,228	683,299	558,109	581,944
Mutual funds	<u>20,981</u>	<u>39,253</u>	<u>16,759</u>	<u>27,357</u>
Total	<u>\$ 802,434</u>	<u>\$ 929,777</u>	<u>\$ 779,491</u>	<u>\$ 813,924</u>

# KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

## Notes to Financial Statements (continued) June 30, 2023 and June 30, 2022

### Note 4 – Investments, at fair value (continued)

The investment return for the years ended June 30, 2023 and June 30, 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 155	\$ 9,699
Unrealized gain (loss) on investments	<u>92,910</u>	<u>(22,990)</u>
Sub-total	93,065	(13,291)
Less: fees	<u>6,523</u>	<u>6,419</u>
Total investment return	<u>\$ 86,542</u>	<u>\$ (19,710)</u>

### Note 5 – Property and equipment

The following is a summary of property and equipment as of June 30, 2023 and June 30, 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,725,000	\$ 1,725,000
Building and improvements	7,691,852	7,386,464
Leasehold improvements	92,070	92,070
Furniture and equipment	<u>558,016</u>	<u>517,018</u>
Sub-total	10,066,938	9,720,552
Less: accumulated depreciation and amortization	<u>1,532,704</u>	<u>1,288,957</u>
Total	<u>\$ 8,534,234</u>	<u>\$ 8,431,595</u>

### Note 6 – Mortgage loan payable

During February 2021, KCS obtained a new 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. 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, 2023 and June 30, 2022 was \$256,043 and \$255,787, respectively. The loan is secured by a mortgage and security agreement on KCS' real property.

The future minimum payments required on the loan at June 30, 2023 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 116,190
2025	120,766
2026	<u>3,765,680</u>
Subtotal	4,002,636
Less: deferred financing costs	46,448
Less: current portion	<u>116,190</u>
Long-term mortgage payable	<u>\$ 3,839,998</u>

# KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.

## Notes to Financial Statements (continued) June 30, 2023 and June 30, 2022

### Note 7 – Paycheck Protection Program loans

During the 2021 fiscal year, KCS received \$630,818 under the Paycheck Protection Program (“PPP”). The loan was forgiven in full in April 2022 and therefore KCS elected to record the forgiveness as government grant revenue in the 2022 statement of activities.

### 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, 2023 and June 30, 2022:

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

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

**Notes to Financial Statements (continued)**  
**June 30, 2023 and June 30, 2022**

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

<u>Purpose</u>	2022			
	Balance at June 30, 2021	Contributions	Net Assets Released from Restrictions	Balance June 30, 2022
Building funds	\$ 18,055	\$ 29,200	\$ -	\$ 47,255
Covid Relief	35,286	-	(35,286)	-
Education and immigration	1,461	8,000	(741)	8,720
Emergency funds	32,100	28,974	(42,146)	18,928
Home care license	168,875	-	(21,068)	147,807
Scholarships	28,461	-	(9,000)	19,461
Workforce	24,705	62,500	(44,260)	42,945
Mental health	20,000	-	(20,000)	-
Holiday gifts center	1,650	1,000	-	2,650
Sustainability fund	-	25,000	-	25,000
Aging	-	4,000	-	4,000
Community fund	-	35,000	-	35,000
Vehicles	-	10,000	(10,000)	-
Time restricted	50,000	-	(8,099)	41,901
Total	<u>\$ 380,593</u>	<u>\$ 203,674</u>	<u>\$ (190,600)</u>	<u>\$ 393,667</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 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, 2023 and June 30, 2022

### 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 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.

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

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 275,871
2025	117,292
2026	<u>11,900</u>
Total	405,063
Less: present value discount	<u>9,270</u>
Operating lease liability	\$ 395,793
Less: current portion	<u>275,871</u>
Long-term portion	<u>\$ 119,922</u>
Operating lease cost in 2023	<u>\$ 275,871</u>
ROU assets obtained in exchange for new lease payable	<u>\$ 395,793</u>
Weighted-average remaining lease term	<u>1.4 years</u>

Rent expense totaled \$413,331 and \$311,694 for the years ended June 30, 2023 and June 30, 2022, respectively.

**KOREAN COMMUNITY SERVICES OF METROPOLITAN NEW YORK, INC.****Notes to Financial Statements (continued)  
June 30, 2023 and June 30, 2022****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 \$23,568 and \$18,580 for years ended June 30, 2023 and June 30, 2022, 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.