

KOREAN COMMUNITY SERVICES, INC.

FINANCIAL STATEMENTS

December 31, 2021 and 2020

KOREAN COMMUNITY SERVICES, INC.
FINANCIAL STATEMENTS
December 31, 2021 and 2020

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

OFFICES IN:

LOS ANGELES, CA
IRVINE, CA
SAN FRANCISCO, CA
MONTGOMERY, AL
AUBURN, AL
ATLANTA, GA
FORT LEE, NJ

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Korean Community Services, Inc.
Anaheim, California

Opinion

We have audited the accompanying financial statements of Korean Community Services, Inc. (KCS or the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of KCS as of December 31, 2021 and 2020, and the results of its changes in net assets, cash flows and functional expenses 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 (GAAS). 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 the Company 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for 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 GAAS, 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 the Company'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 the Company'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 audit.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022 on our consideration of KCS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the KCS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KCS's internal control over financial reporting and compliance.

CKP, LLP

September 29, 2022

KOREAN COMMUNITY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

| | 2021 | 2020 |
|--|---------------|--------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 6,780,724 | \$ 2,231,136 |
| Short term investments | 1,007,738 | 1,001,625 |
| Accounts receivable, net | 2,011,124 | 2,045,994 |
| Prepaid expenses | 80,660 | 48,298 |
| Other receivables | 5,213 | 115,674 |
| Total current assets | 9,885,459 | 5,442,727 |
| Property and equipment: | | |
| Automobiles | 342,050 | 67,978 |
| Furniture and equipment | 183,016 | 148,271 |
| Building improvements | 448,275 | 248,686 |
| | 973,341 | 464,935 |
| Less: accumulated depreciation | (296,377) | (232,757) |
| Net property and equipment | 676,964 | 232,178 |
| Other assets: | | |
| Investments | 616,503 | 603,375 |
| Security deposits | 66,156 | 55,156 |
| Other assets | 99,335 | 73,806 |
| Total other assets | 781,994 | 732,337 |
| Total assets | \$ 11,344,417 | \$ 6,407,242 |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 734,371 | \$ 649,632 |
| Total current liabilities | 734,371 | 649,632 |
| Total liabilities | 734,371 | 649,632 |
| Commitment and contingencies | - | - |
| Net assets: | | |
| Without donor restrictions | 10,610,046 | 5,757,610 |
| Total net assets | 10,610,046 | 5,757,610 |
| Total liabilities and net assets | \$ 11,344,417 | \$ 6,407,242 |

See accompanying notes to financial statements

KOREAN COMMUNITY SERVICES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2021 and 2020

| | 2021 | | | 2020 | | |
|-------------------------------|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenue and support | | | | | | |
| Patient fees | \$ 6,750,779 | \$ - | \$ 6,750,779 | \$ 5,259,595 | \$ - | \$ 5,259,595 |
| Program services | 1,342,859 | - | 1,342,859 | 1,995,980 | - | 1,995,980 |
| Grants and contributions | 8,361,354 | - | 8,361,354 | 4,195,789 | - | 4,195,789 |
| Total revenue and support | 16,454,992 | - | 16,454,992 | 11,451,364 | - | 11,451,364 |
| Functional expenses | | | | | | |
| Program expenses | | | | | | |
| Health Center | 6,230,727 | - | 6,230,727 | 5,557,477 | - | 5,557,477 |
| DUI | 363,017 | - | 363,017 | 458,948 | - | 458,948 |
| Drug Medical (DMC) | 1,075,170 | - | 1,075,170 | 596,169 | - | 596,169 |
| Community Service Center | 1,174,075 | - | 1,174,075 | 852,208 | - | 852,208 |
| Korean American Program | 290,784 | - | 290,784 | - | - | - |
| Others | 210,980 | - | 210,980 | 899,796 | - | 899,796 |
| Total program expenses | 9,344,753 | - | 9,344,753 | 8,364,598 | - | 8,364,598 |
| Support expenses | | | | | | |
| General and administrative | 2,319,641 | - | 2,319,641 | 865,591 | - | 865,591 |
| Fundraising | - | - | - | - | - | - |
| Total functional expenses | 11,664,394 | - | 11,664,394 | 9,230,189 | - | 9,230,189 |
| Nonoperating changes | | | | | | |
| Other income | 61,838 | - | 61,838 | 1,288,549 | - | 1,288,549 |
| Change in net assets | 4,852,436 | - | 4,852,436 | 3,509,724 | - | 3,509,724 |
| Net assets, beginning of year | 5,757,610 | - | 5,757,610 | 2,247,886 | - | 2,247,886 |
| Net assets, end of year | <u>\$ 10,610,046</u> | <u>\$ -</u> | <u>\$ 10,610,046</u> | <u>\$ 5,757,610</u> | <u>\$ -</u> | <u>\$ 5,757,610</u> |

See accompanying notes to financial statements

KOREAN COMMUNITY SERVICES, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

| Cash flows from operating activities: | 2021 | 2020 |
|--|--------------|--------------|
| Change in net assets | \$ 4,852,436 | \$ 3,509,724 |
| Adjustments to reconcile net assets to net cash provided by operating activities: | | |
| Depreciation | 63,620 | 42,915 |
| Bad debt | 81,282 | 1,466 |
| Loss on disposition of property and equipment | 3,129 | 45,864 |
| Gain on investments | (19,241) | |
| (Increase) Decrease in: | | |
| Accounts receivable | (46,412) | (1,135,126) |
| Prepaid expenses | (32,362) | (38,335) |
| Other receivables | 110,461 | (115,674) |
| Security deposits | (11,000) | (20,000) |
| Other assets | (25,529) | (73,806) |
| Increase (Decrease) in: | | |
| Accounts payable and accrued liabilities | 84,739 | (14,336) |
| Net cash provided by operating activities | 5,061,123 | 2,202,692 |
| Cash flows from investing activities: | | |
| Investments | - | (1,605,000) |
| Acquisition of property and equipment | (538,247) | (176,649) |
| Disposition of property and equipment | 26,712 | 92,524 |
| Net cash used in investing activities | (511,535) | (1,689,125) |
| Cash flows from financing activities: | | |
| Payments on note payable | - | (159,344) |
| Net cash used in financing activities | - | (159,344) |
| Net increase in cash | 4,549,588 | 354,223 |
| Cash and cash equivalents, beginning of year | 2,231,136 | 1,876,913 |
| Cash and cash equivalents, end of year | \$ 6,780,724 | \$ 2,231,136 |
| Supplemental disclosures: | | |
| Cash paid during the year for: | | |
| Interest | \$ 723 | \$ 1,092 |

See accompanying notes to financial statements

KOREAN COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

| | 2021 | | | | | | | | | |
|-------------------------------|---------------------|-------------------|-----------------------|--------------------------------------|------------------------------|--------------------------------|---------------------------|-----------------------------------|-------------|----------------------|
| | Program Services | | | | | | | Supporting Services | | |
| | Health Center | DUI | Drug MediCal (DMC) | Community Service Bokji Center | Korean American Center | Other Grants and Program | Total Program Services | Total General & Administrative | Fundraising | Total |
| Personnel Expenses | | | | | | | | | | |
| Salaries & wages | \$ 3,180,055 | \$ 142,577 | \$ 657,876 | \$ 445,003 | \$ 158,014 | \$ 108,836 | \$ 4,692,361 | \$ 1,576,324 | \$ - | \$ 6,268,685 |
| Payroll taxes & benefits | 387,502 | 20,928 | 71,026 | 41,253 | 17,049 | 10,971 | 548,728 | 252,257 | - | 800,985 |
| Total Personnel Expenses | 3,567,557 | 163,505 | 728,901 | 486,256 | 175,063 | 119,807 | 5,241,089 | 1,828,582 | - | 7,069,671 |
| Non-Personnel Expenses | | | | | | | | | | |
| Travel | 1,086 | - | 37 | 948 | 529 | - | 2,600 | 15,255 | - | 17,855 |
| Equipment rental | 40,597 | 3,236 | 8,410 | 5,230 | 3,148 | 17,227 | 77,848 | 57,403 | - | 135,251 |
| Supplies | 249,892 | 6,727 | 16,475 | 406,975 | 10,260 | 2,577 | 692,906 | 41,572 | - | 734,478 |
| Contractual Costs | 1,664,869 | 18,690 | 79,609 | 120,298 | 64,133 | 5,922 | 1,953,521 | 267,382 | - | 2,220,903 |
| Repair and Maintenance | 73,667 | 9,702 | 19,806 | 15,290 | 933 | 2,959 | 122,357 | 5,728 | - | 128,085 |
| Utilities | 17,114 | 4,925 | 12,317 | 8,670 | 764 | 1,749 | 45,540 | 3,890 | - | 49,430 |
| Rent/Lease Cost | 268,532 | 87,088 | 168,553 | 97,801 | 23,842 | 18,553 | 664,370 | 15,493 | - | 679,863 |
| Insurance | 22,457 | 3,824 | 17,256 | 7,843 | 4,412 | 1,912 | 57,704 | 12,486 | - | 70,190 |
| Communication | 28,327 | 8,073 | 20,908 | 13,883 | 4,486 | 5,840 | 81,518 | 2,548 | - | 84,066 |
| License & Dues | 36,251 | 56,700 | 2,438 | 5,250 | 1,521 | 7,790 | 109,950 | 19,360 | - | 129,310 |
| Training | 7,719 | 456 | 35 | 5,370 | 1,334 | 518 | 15,433 | 32,417 | - | 47,849 |
| Automobile | 1,999 | - | - | - | - | - | 1,999 | 5,797 | - | 7,796 |
| Bank Service Fees | 891 | - | - | - | - | 6,489 | 7,381 | 1,002 | - | 8,383 |
| Recruitment Costs | 2,296 | 90 | 425 | 260 | 358 | 204 | 3,633 | 10,003 | - | 13,636 |
| Interest Expense | - | - | - | - | - | - | - | 723 | - | 723 |
| Depreciation | 47,715 | - | - | - | - | 15,905 | 63,620 | - | - | 63,620 |
| Indirect Cost | 118,675 | - | - | - | - | - | 118,675 | - | - | 118,675 |
| Other Expense | - | - | - | - | - | 3,329 | 3,329 | - | - | 3,329 |
| Bad Debts | 81,082 | - | - | - | - | 200 | 81,282 | - | - | 81,282 |
| Total Non-Personnel Expenses | 2,663,170 | 199,512 | 346,269 | 687,820 | 115,721 | 91,173 | 4,103,664 | 491,059 | - | 4,594,723 |
| Total Expenses | \$ 6,230,727 | \$ 363,017 | \$ 1,075,170 | \$ 1,174,075 | \$ 290,784 | \$ 210,980 | \$ 9,344,753 | \$ 2,319,641 | \$ - | \$ 11,664,394 |

KOREAN COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

| | 2020 | | | | | | | | | |
|-------------------------------|---------------------|-------------------|-----------------------|--------------------------------------|-------------------|---------------------------|-----------------------------------|-------------|---------------------|--|
| | Program Services | | | | | | Supporting Services | | | |
| | Health Center | DUI | Drug MediCal (DMC) | Community Service Bokji Center | Others | Total Program Services | Total General & Administrative | Fundraising | Total | |
| Personnel Expenses | | | | | | | | | | |
| Salaries & wages | \$ 3,109,753 | \$ 214,468 | \$ 407,196 | \$ 425,192 | \$ 444,640 | \$ 4,601,249 | \$ 388,445 | \$ - | \$ 4,989,694 | |
| Payroll taxes & benefits | 296,517 | 60,141 | 59,815 | 82,535 | 70,090 | 569,098 | 62,930 | - | 632,028 | |
| Total Personnel Expenses | 3,406,270 | 274,609 | 467,011 | 507,727 | 514,730 | 5,170,347 | 451,375 | - | 5,621,722 | |
| Non-Personnel Expenses | | | | | | | | | | |
| Travel | 1,748 | - | 69 | 7,899 | 6,389 | 16,105 | 2,842 | - | 18,947 | |
| Equipment rental | 9,344 | 4,460 | 2,656 | 2,904 | 4,064 | 23,428 | 4,134 | - | 27,562 | |
| Supplies | 283,836 | 7,921 | 5,869 | 105,375 | 29,322 | 432,323 | 24,815 | - | 457,138 | |
| Contractual Costs | 1,456,945 | 12,764 | 46,276 | 101,210 | 168,453 | 1,785,648 | 207,937 | - | 1,993,585 | |
| Repair and Maintenance | 20,282 | 8,788 | 9,362 | 6,551 | 29,153 | 74,136 | 13,083 | - | 87,219 | |
| Utilities | 19,536 | 9,425 | 6,305 | 6,117 | 6,797 | 48,180 | 8,502 | - | 56,682 | |
| Rent/Lease Cost | 183,024 | 85,490 | 49,865 | 47,388 | 84,385 | 450,152 | 79,439 | - | 529,591 | |
| Insurance | 20,532 | 6,783 | 3,617 | 7,879 | 14,197 | 53,008 | 9,354 | - | 62,362 | |
| Communication | 19,597 | 6,337 | 3,514 | 6,906 | 6,403 | 42,757 | 7,545 | - | 50,302 | |
| License & Dues | 28,506 | 41,133 | 873 | 3,125 | 8,036 | 81,673 | 14,413 | - | 96,086 | |
| Training | 11,509 | 336 | 488 | 9,177 | 13,771 | 35,281 | 6,226 | - | 41,507 | |
| Automobile | 3,191 | - | - | - | 6,928 | 10,119 | 1,786 | - | 11,905 | |
| Bank Service Fees | 106 | 793 | - | 44 | 6,803 | 7,746 | 1,367 | - | 9,113 | |
| Recruitment Costs | 3,217 | 109 | 264 | 69 | 365 | 4,024 | 710 | - | 4,734 | |
| Interest Expense | 928 | - | - | - | - | 928 | 164 | - | 1,092 | |
| Depreciation | 36,478 | - | - | - | - | 36,478 | 6,437 | - | 42,915 | |
| Subcontracts&client support | - | - | - | 34,850 | - | 34,850 | 6,150 | - | 41,000 | |
| Indirect Cost | 13,444 | - | - | 737 | - | 14,181 | 10,216 | - | 24,397 | |
| Other Expense | 38,984 | - | - | 4,250 | - | 43,234 | 7,630 | - | 50,864 | |
| Bad Debts | - | - | - | - | - | - | 1,466 | - | 1,466 | |
| Total Non-Personnel Expenses | 2,151,207 | 184,339 | 129,158 | 344,481 | 385,066 | 3,194,251 | 414,216 | - | 3,608,467 | |
| Total Expenses | \$ 5,557,477 | \$ 458,948 | \$ 596,169 | \$ 852,208 | \$ 899,796 | \$ 8,364,598 | \$ 865,591 | \$ - | \$ 9,230,189 | |

KOREAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization

Korean Community Services, Inc. (KCS or the "Organization") is a not-for-profit corporation established under the laws of the State of California with its headquarters in Anaheim, California. KCS enters into contracts with State and Local Government agencies to promote projects and programs that provide culturally and professionally competent services to the needs of Korean American families and other disenfranchised populations in the greater Los Angeles and Orange County area. KCS believes that healthier individuals and communities result from a combination of outreach, treatment and prevention efforts. The mission of KCS is to enable and manage information, resources and technical assistance in a quality and cost-effective manner.

Program Services

Health Center - The Organization operates safety net low-income health clinic sites throughout Orange County. The five sites are located in the cities of Buena Park, Anaheim and Irvine. The health center is designated as a Federally Qualified Health Center ("FQHC") by Health Resources Services Administration ("HRSA"). The clinic provides services to patients who are uninsured or are on Medi-Cal which requires patients being under 133% of the federal poverty level. Services provided include Primary Care, Psychiatry, Behavioral Health Therapy, Addiction Medicine, Opioid Use Disorder Treatment, Acupuncture Chiropractic Medicine, Dental, Prevention Classes, Patient Navigation, Homeless Shelter Healthcare, Mobile Dentistry and Street Medicine. The Organization has partnerships with local homeless shelters, the county public health department, community-based organizations, and hospitals to ensure that KCS is a patient centered medical home for the most vulnerable needing medical care.

DUI - The Organization's DUI programs enhance the public health and safety of communities by providing treatment and educational services to convicted drinking driver offenders and by providing prevention efforts to the community at large. The Organization is licensed by the Orange County Health Care Agency and the California Department of Health Care Services. Services include Assessments, Wet and Reckless Education and a First Offender Drinking Driving Program.

DMC - The Organization is a part of Orange County's Drug Medi-Cal Organized Delivery System ("DMC-ODS"), which provides substance use disorder ("SUD") treatment services for all eligible Medi-Cal beneficiaries who reside in Orange County. Outpatient Drug Free ("ODF") consists of up to nine hours a week for adults and less than six hours a week for adolescents when determined to be medically necessary. Services can be provided by a licensed professional or a certified counselor in any appropriate setting in the community. Intensive Outpatient Treatment ("IOT") consists of a minimum of nine hours with a maximum of 19 hours a week for adults and a minimum of six hours with a maximum of 19 hours a week for adolescents when determined to be medically necessary.

Community Service - The Organization manages a wide range of contracts that benefit low-income immigrants. Services include Immigration Services, Census Outreach and Civic Engagement, Legal and Tax Clinic, Food Bank, Nutrition and Exercise, Enrollment Assistance, Community Education, Senior and Youth Programs, Community Mental Health Programs and Prevention Programs. The Organization has partnerships with a wide range of community based non-profit organizations and local government agencies to ensure that community programs are delivered to immigrant communities, most notably, Korean immigrants.

KOREAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization, Continued

Program Services, Continued

Korean American Center - The Organization's "Korean American Center" division's mission is to build a stronger connection between intergenerational Koreans and the greater community by promoting opportunities for appreciation of Korea's rich cultural heritage. The Organization fulfills the goal through hosting Korean-English language exchanges, a formal Korean language program, fostering educational opportunities and workshops designed to educate people about Korean culture, and by providing opportunities for community activities.

Note 2 - Summary of Significant Accounting Policies

This summary of significant accounting policies of KCS is presented to assist in understanding KCS's financial statements. The financial statements and notes are representations of KCS's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of KCS have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net asset with donor restricts.

Net Assets Without Donor Restrictions – Include contributions, fees and other forms of unrestricted revenue and expenditures related to the general operations of the Organization.

Net Assets With Donor Restrictions – Include grants received that are restricted with respect to time or use by the donor or grantor. When the restrictions expire, the net assets of this fund are reclassified to unrestricted net assets. Restricted grants received are reported as unrestricted revenue if the restriction is met in the same reporting period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Grants and other contributions received are recorded as net assets without donor restriction and net assets with donor restriction, depending on the nature of the restrictions.

KOREAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies, Continued

Revenue Recognition, Continued

Government grants are received from the federal, state, and local governments. The Organization's government grants are generally paid on a cost reimbursement basis, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant or contract provisions.

Contributions include cash, in-kind contributions, and unconditional transfers of or unconditional promises to give cash or other assets. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or when the conditions expire, whichever occurs first.

All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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. However, KCS has implemented the policy to show contributions with donor-imposed restrictions in the same manner as unrestricted contributions when those restrictions are met in the same reporting period as unrestricted contributions.

Contributed Services

Contributed services are recognized if the services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Only those amounts that meet the criteria above are recorded in the accompanying financial statements.

Cash and Cash Equivalents

KCS considers all highly liquid investments purchased with an original maturity of three months or less to be categorized as cash and cash equivalents.

Short-term investments

Short-term investments consist of certificate of deposits and the maturities of these investments do not exceed one year.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management evaluates all accounts receivable and, if it is determined that they are uncollectible, they are written off as bad debt expenses, which were \$81,282 and \$1,466 for the years ended December 31, 2021 and 2020, respectively. KCS determines that the net accounts receivable of \$2,011,124 is fully collectible.

Net patient accounts receivable and patient fees have been adjusted to the estimated amounts expected to be received, based on contractual rates for services rendered, inclusive of the estimated price concession.

KOREAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies, Continued

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The straight-line method is used to calculate depreciation over their estimated useful lives ranging as follows:

| | |
|-------------------------|----------------|
| Automobiles | 4 to 5 years |
| Building improvements | 10 to 30 years |
| Furniture and equipment | 5 to 10 years |

Capital expenditures that enhance the value or materially extend the useful life of the related assets are reflected as additions to property and equipment. Expenditures for maintenance and repairs that do not increase the estimated useful life of an asset are expensed as incurred. Depreciation expense for the years ended December 31, 2021 and 2020 were \$63,620 and \$42,915, respectively.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment amount that will be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Income Taxes

KCS is exempt from Federal and State income taxes under section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

KCS has adopted the provisions of Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. On December 31, 2021 and for the year ended, KCS had no material unrecognized tax benefits, tax penalties or interest.

KCS's Federal form 990, Return of Organization Exempt from Income Taxes, for the years ended December 31, 2018 through 2020 are subject to examination by the IRS, generally for three years after they were filed. The California form 199, California Exempt Organization Annual Information Return, for the years ended December 31, 2017 through 2020 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

Accrued Vacation

Accumulated unpaid employee vacation benefits are recognized as liabilities of KCS.

KOREAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies, Continued

Fair Value of Financial Instruments

The Financial Accounting Standards Board (FASB) issued ASC 820, which defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America and expands disclosures about fair value measurements. The guidance clarifies that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exist, therefore requiring an entity to develop its assumptions.

The annuity contract is reported at contract value, which approximates fair value. Contract value represents contributions made under the agreement plus earnings. As this investment is contract-based, observable

prices for identical or similar investments do not exist, and accordingly, the investment is valued using unobservable inputs and is classified as Level 3.

KCS's financial instruments, including cash and cash equivalents, short term investments, accounts receivable, other receivables, security deposits, accounts payable, and accrued liabilities are carried at cost, which approximates their fair value because of the short-term maturity of these instruments.

Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalent and accounts receivable. KCS maintains its cash accounts with high-quality insured depository financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation for up to \$250,000.

KCS's operations is contingent to receiving or securing federal or state grants. As of December 31, 2021, KCS's cash balance, including short-term investment, exceeding the maximum insured amount totaled \$6,280,724.

Cost Allocation Plan

KCS allocates its costs based on the relative benefits received by the programs or activities. Accordingly, KCS applies several methods for allocating costs:

Direct Costs - Expenses that are charged directly to specific programs, projects, or cost centers based upon benefit received. These expenses may be allocated directly to either Program Services or Supporting Services.

Shared Direct Cost - Costs associated with programs or projects with more than a single funding source are shared between the programs and projects.

KOREAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies, Continued

Cost Allocation Plan, Continued

Personnel and Personnel-Related Cost - Costs incurred for personnel and personnel-related expenses shall be charged based upon the allocation of staff time as reported on timesheets. Office supplies, telephone, equipment rental and lease, and equipment repair and maintenance are also allocated based upon staff time spent on each project or FTE (full-time equivalent) method.

- Occupancy and Space Cost - Costs are allocated based upon staff time spent on each project or FTE (full-time equivalent) method. The FTE for each program will need to be determined and the percentage of the total FTE of the cost center be calculated.

Indirect Costs - Costs that have broad benefits to all aspects of an organization, but by its nature cannot be readily or reasonably allocated shall be charged as an indirect cost according to an approved indirect cost allocation plan. KCS has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance and applies this rate across all projects and activities, except as restricted by the funder.

Recent Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The guidance in ASU 2016-02 (as subsequently amended by ASU 2018-01, ASU 2018-10, ASU 2018-11, ASU 2018-20 and ASU 2019-01) requires that a lessee recognizes in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. As with previous guidance, there continues to be a differentiation between finance leases and operating leases, however this distinction now primarily relates to differences in the manner of expense recognition over time and in the classification of lease payments in the statement of cash flows. Lease assets and liabilities arising from both finance and operating leases will be recognized in the statement of financial position.

The transitional guidance for adopting the requirements of ASU 2016-02 calls for a modified retrospective approach that includes a number of optional practical expedients that entities may elect to apply. In addition, ASU 2018-11 provides for an additional (and optional) transition method by which entities may elect to initially apply the transition requirements in Topic 842 at that Topic's effective date with the effects of initially applying Topic 842 recognized as a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption and without retrospective application to any comparative prior periods presented. The standard is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, for public business entities, certain not-for-profit entities, and certain employee benefit plans. For all other entities, the standard is effective for annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Under the amendment of AUS 2020-05, due to Coronavirus Disease 2019 (COVID-19) pandemic, the effective date of leases for all other entities is deferred to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

KOREAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies, Continued

Recent Pronouncement, Continued

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*, which is intended to increase transparency in financial reporting by requiring business entities to disclose information about certain types of government assistance they receive. ASU 2021-10 requires business entities to make certain annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy to other accounting guidance. This ASU is effective beginning on January 1, 2022. The adoption of ASU 2021-10 is not expected to have a significant impact on the Organization's financial statements.

Note 3 – Annuity Contract

The Organization has entered into a fixed annuity contract with insurance companies. The Organization's contract investment balance is credited with earnings based upon contractually determined interest rates. The insurance companies establish an effective annual interest rates. In no event will such effective annual interest rate be less than the minimum interest rate as defined by the contract. The annuity contracts are included in the statement of financial position at contract value as reported by the insurance companies, which approximate fair value. There are no reserves against contract value for credit risk of the issuer or otherwise.

The following tables set forth by level, within the fair value hierarchy, KCS's asset at fair value as of December 31, 2021 and 2020:

| Assets at Fair Value as of December 31, 2021 | | | | |
|--|---|--|--|---------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Fair Value |
| Registered investment companies | \$ - | \$ - | \$ 616,503 | \$ 616,503 |
| Total assets at fair value | \$ - | \$ - | \$ 616,503 | \$ 616,503 |

| Assets at Fair Value as of December 31, 2020 | | | | |
|--|---|--|--|---------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Fair Value |
| Registered investment companies | \$ - | \$ - | \$ 603,375 | \$ 603,375 |
| Total assets at fair value | \$ - | \$ - | \$ 603,375 | \$ 603,375 |

KOREAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 4 - Commitments

KCS leases multiple operating facilities and certain equipment under non-cancelable operating lease agreements. Future minimum payments under these lease agreements on December 31, 2021 were as follows:

| <u>Years ending December 31,</u> | <u>Total</u> |
|----------------------------------|---------------------|
| 2022 | \$ 570,237 |
| 2023 | 496,129 |
| 2024 | 417,155 |
| 2025 | 222,465 |
| 2026 | 164,369 |
| Thereafter | <u>36,753</u> |
| Total | <u>\$ 1,907,108</u> |

Rent expenses for the years ended December 31, 2021 and 2020 were \$679,863 and \$550,299, respectively.

Note 5 - Paycheck Protection Program

In May 2020, KCS received loan proceeds from the Small Business Administration (SBA) in the amount of \$844,687, pursuant to the Paycheck Protection Program ("PPP") established under the CARES Act. The PPP Loan was subject to forgiveness under the PPP upon KCS's request to the extent that the proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent, and covered utility payments. The amount has been recorded as other revenue for the year ended December 31, 2020, as KCS fully utilized the funds in accordance with the forgiveness requirements. KCS reduced its liability and recorded a gain on the extinguishment.

Note 6 - Availability of Financial Assets

The Organization's financial assets available within one year of December 31, 2021 and 2020 for general expenditure are as follows:

| <u>Current assets</u> | <u>2021</u> | <u>2020</u> |
|---------------------------|--------------|--------------|
| Cash and cash equivalents | \$ 6,780,724 | \$ 2,231,136 |
| Short term investments | 1,007,738 | 1,001,625 |
| Accounts receivable, net | 2,011,124 | 2,045,994 |
| Other receivables | 5,213 | 115,674 |

As part of the Organization's liquidity management practices, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments.

KOREAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 7 - Subsequent Events

KCS has evaluated all subsequent events to the statement of financial position date of December 31, 2021 through the date that the financial statements were available to be issued, which was September 29, 2022 and has determined that there are no subsequent events that require disclosure under FASB ASC Topic 855, *Subsequent Events*.

**REPORT IN ACCORDANCE
WITH GOVERNMENT
AUDITING STANDARDS**



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Korean Community Services, Inc.
Anaheim, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Korean Community Services, Inc. (KCS), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered KCS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KCS's internal control. Accordingly, we do not express an opinion on the effectiveness of KCS's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KCS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CKP, LLP

September 29, 2022

**REPORT IN ACCORDANCE
WITH TITLE 2 U.S. CODE OF
FEDERAL REGULATIONS PART 200,
UNIFORM ADMINISTRATIVE REQUIREMENTS,
COST PRINCIPLES, AND
AUDIT REQUIREMENTS FOR
FEDERAL AWARDS**



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Korean Community Services, Inc.
Anaheim, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Korean Community Services Inc.'s (KCS) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of KCS's major federal programs for the year ended December 31, 2021. KCS's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, KCS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of KCS and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of KCS's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to KCS's federal programs.

Auditors' Responsibilities

Our objectives are to obtain reasonable assurances about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on KCS's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material compliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about KCS's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive those risks. Such procedures include examining, on a test basis, evidence regarding KCS's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of KCS's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of KCS's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of KCS as of and for the year ended December 31, 2021 and have issued our report thereon dated September 29, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CKP, LLP

September 29, 2022

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KOREAN COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

| <u>Federal Grantor / Pass-Through Grantor / Program</u> | <u>Assistance Listing Number</u> | <u>Agency Number</u> | <u>Federal Expenditures</u> | <u>Amounts Provided to Subrecipients</u> |
|--|----------------------------------|----------------------|-----------------------------|--|
| <u>U.S. Department of Health and Human Services</u> | | | | |
| Certified Community Behavioral Health Clinic | 93.829* | H79SM083252 | \$ 1,727,834 | \$ 300,362 |
| Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding | 93.224 | H8DCS35782 | 548,360 | - |
| Health Center Program | 93.224 | H80CS33646-01-00 | 411,706 | - |
| Health Center Program | 93.224 | H80CS33646-02-09 | 263,982 | - |
| American Rescue Plan Act Funding for Health Centers | 93.224 | H8FCS41630 | 378,085 | - |
| Expanding Capacity for Coronavirus Testing (ECT) | 93.224 | H8ECS37659 | 155,074 | - |
| Pass through: | | | | |
| University of California, Irvine | | | | |
| Technology Advanced Geriatrics | 93.969 | U1QHP28724 | 29,327 | - |
| Sierra Health Foundation | | | | |
| Medication Assisted Treatment | 93.959 | B08TI083527 | <u>24,442</u> | - |
| Total U.S. Department Health and Human Services | | | <u>3,538,810</u> | <u>300,362</u> |
| <u>U.S. Department of Homeland Security</u> | | | | |
| Pass through: | | | | |
| Multi-Ethnic Collaborative of Community Agencies | | | | |
| Crisis Counseling Program | 97.032* | MA-042-21010341 | <u>203,845</u> | - |
| Total U.S. Department of Homeland Security | | | <u>203,845</u> | - |

KOREAN COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

U.S. Department of Defense

Pass through:

Multi-Ethnic Collaborative of Community Agencies

| | | | | |
|---------------------------|--------|------------------|---------------|---|
| Crisis Counseling Program | 12.900 | H98230-19-1-0159 | <u>50,865</u> | - |
|---------------------------|--------|------------------|---------------|---|

| | | | | |
|----------------------------------|--|--|---------------|---|
| Total U.S. Department of Defense | | | <u>50,865</u> | - |
|----------------------------------|--|--|---------------|---|

Small Business Administration

Pass through:

Koreatown Youth and Community Center

| | | | | |
|-----------------------------------|--------|--------------------|--------------|---|
| Community Navigator Pilot Program | 59.077 | SBAHQ22CNP0030KYCC | <u>1,203</u> | - |
|-----------------------------------|--------|--------------------|--------------|---|

| | | | | |
|-------------------------------------|--|--|--------------|---|
| Total Small Business Administration | | | <u>1,203</u> | - |
|-------------------------------------|--|--|--------------|---|

| | | | | |
|----------------------|--|--|---------------------|-------------------|
| Total Federal Awards | | | <u>\$ 3,794,723</u> | <u>\$ 300,362</u> |
|----------------------|--|--|---------------------|-------------------|

*** : Tested as Major Programs**

KOREAN COMMUNITY SERVICES, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Korean Community Services, Inc. (KCS) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of KCS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of KCS.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost

KCS has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

KOREAN COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness (es) identified? _____ Yes X No

Significant deficiency (ies) identified not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness (es) identified? _____ Yes X No

Significant deficiency (ies) identified not considered to be material weaknesses? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? _____ Yes X No

Identification of Major Programs:

| CFDA Number | Name of Federal Program or Cluster |
|--|---|
| 93.829 97.032 | Certified Community Behavioral Health Clinic Crisis Counseling Program |
| Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
| Auditee qualified as low-risk auditee? | _____ Yes <input type="checkbox"/> <u> X </u> No |

KOREAN COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.