

**KOREAN COMMUNITY SERVICES, INC.**

---

FINANCIAL STATEMENTS

December 31, 2022 and 2021

**KOREAN COMMUNITY SERVICES, INC.**  
FINANCIAL STATEMENTS  
December 31, 2022 and 2021

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the financial statements of Korean Community Services, Inc. (KCS or the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, 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, 2022 and 2021, 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Organization 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 Organization'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 and *Government 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 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 and *Government 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 the Organization'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 Organization'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.

### **Supplementary Information**

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 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 28, 2023 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

Irvine, California  
September 28, 2023

**KOREAN COMMUNITY SERVICES, INC.**

## STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 5,525,827	\$ 6,780,724
Short term investments	3,036,208	1,007,738
Accounts receivable, net	2,286,706	2,011,124
Prepaid expenses	52,574	80,660
Other receivables	348,760	5,213
	<hr/>	<hr/>
Total current assets	11,250,075	9,885,459
Property and equipment:		
Automobiles	480,897	342,050
Furniture and equipment	312,352	183,016
Leasehold improvements	741,377	448,275
Construction in progress	495,694	-
	<hr/>	<hr/>
Total Property and equipment	2,030,320	973,341
Less: accumulated depreciation	<u>(437,006)</u>	<u>(296,377)</u>
Net property and equipment	1,593,314	676,964
Non-current assets:		
Operating lease right-of-use assets, net	2,673,550	-
Investments	3,397,386	616,503
Security deposits	80,656	66,156
Other assets	95,367	99,335
	<hr/>	<hr/>
Total other assets	6,246,959	781,994
Total assets	<u>\$ 19,090,348</u>	<u>\$ 11,344,417</u>
Current liabilities:		
Accounts payable and accrued liabilities	\$ 890,525	\$ 734,371
Current portion of operating lease liabilities	693,917	-
Deferred revenue	102,576	-
	<hr/>	<hr/>
Total current liabilities	1,687,018	734,371
Non-current liabilities:		
Operating lease liabilities, net of current portion	<u>1,846,236</u>	<u>-</u>
Total liabilities	3,533,254	734,371
Commitment and contingencies		-
Net assets:		
Without donor restrictions	<u>15,557,094</u>	<u>10,610,046</u>
Total net assets	<u>15,557,094</u>	<u>10,610,046</u>
Total liabilities and net assets	<u>\$ 19,090,348</u>	<u>\$ 11,344,417</u>

See accompanying notes to financial statements

**KOREAN COMMUNITY SERVICES, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Patient fees	\$ 8,883,470	\$ -	\$ 8,883,470	\$ 6,750,779	\$ -	\$ 6,750,779
Program services	1,219,682	-	1,219,682	1,342,859	-	1,342,859
Grants and contributions	9,057,579	-	9,057,579	8,361,354	-	8,361,354
Total revenue and support	19,160,731	-	19,160,731	16,454,992	-	16,454,992
Functional expenses						
Program expenses						
Health Center	7,481,981	-	7,481,981	6,230,727	-	6,230,727
DUI	499,924	-	499,924	363,017	-	363,017
Drug Medical (DMC)	302,269	-	302,269	1,075,170	-	1,075,170
Community Service Center	568,559	-	568,559	1,174,075	-	1,174,075
Korean American Program	383,823	-	383,823	290,784	-	290,784
Others	552,004	-	552,004	210,980	-	210,980
Total program expenses	9,788,560	-	9,788,560	9,344,753	-	9,344,753
Support expenses						
General and administrative	4,251,888	-	4,251,888	2,319,641	-	2,319,641
Total functional expenses	14,040,448	-	14,040,448	11,664,394	-	11,664,394
Non-operating changes						
Other income (expenses)	(173,235)	-	(173,235)	61,838	-	61,838
Change in net assets	4,947,048	-	4,947,048	4,852,436	-	4,852,436
Net assets, beginning of year	10,610,046	-	10,610,046	5,757,610	-	5,757,610
Net assets, end of year	<u>\$ 15,557,094</u>	<u>\$ -</u>	<u>\$ 15,557,094</u>	<u>\$ 10,610,046</u>	<u>\$ -</u>	<u>\$ 10,610,046</u>

See accompanying notes to financial statements

**KOREAN COMMUNITY SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2022 and 2021

<b>Cash flows from operating activities:</b>	2022	2021
Changes in net assets	\$ 4,947,048	\$ 4,852,436
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	140,629	63,620
Bad debts	69,356	81,282
Loss on disposition of property and equipment	-	3,129
Loss (gain) on investments	190,639	(19,241)
Operating lease right-of-use assets	623,766	-
Operating lease liabilities	(757,163)	-
(Increase) Decrease in:		
Accounts receivable	(344,938)	(46,412)
Prepaid expenses	28,086	(32,362)
Other receivables	(343,547)	110,461
Security deposits	(14,500)	(11,000)
Other assets	3,968	(25,529)
Increase in:		
Accounts payable and accrued liabilities	156,154	84,739
Deferred Revenue	102,576	-
Net cash provided by operating activities	4,802,074	5,061,123
<b>Cash flows from investing activities:</b>		
Purchases of short-term investments	(1,999,992)	-
Purchases of long-term investments	(3,000,000)	-
Acquisition of property and equipment	(1,056,979)	(538,247)
Disposition of property and equipment	-	26,712
Net cash used in investing activities	(6,056,971)	(511,535)
Net (decrease) increase in cash	(1,254,897)	4,549,588
Cash and cash equivalents, beginning of year	6,780,724	2,231,136
Cash and cash equivalents, end of year	\$ 5,525,827	\$ 6,780,724
Supplemental disclosures:		
Cash paid during the year for:		
Interest	\$ 784	\$ 723
Non-cash investing activities:		
Obtaining right-of-use assets in exchange for lease liabilities	\$ 3,297,315	\$ -

See accompanying notes to financial statements

**KOREAN COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2022

	2022										
	Program Services							Supporting Services			Total
	Health Center	DUI	Drug MediCal (DMC)	Community Service Bokji Center	Korean American Center	Other Grants and Program	Total Program Services	Total General & Administrative	Fundraising		
<b>Personnel Expenses</b>											
Salaries & wages	\$ 4,234,456	\$ 275,272	\$ 144,374	\$ 333,736	\$ 293,562	\$ 340,199	\$ 5,621,599	\$ 2,906,609	\$ -	\$ 8,528,208	
Payroll taxes & benefits	685,396	32,258	14,206	55,468	33,350	67,563	888,241	473,099	-	1,361,340	
Total Personnel Expenses	4,919,852	307,530	158,580	389,204	326,912	407,762	6,509,840	3,379,708	-	9,889,548	
<b>Non-Personnel Expenses</b>											
Travel	3,073	-	-	4,543	5,701	8	13,325	37,705	-	51,030	
Equipment Purchase/ Rental	215,714	3,693	2,930	7,789	1,034	6,976	238,136	22,644	-	260,780	
Supplies	115,699	3,145	3,363	9,692	6,437	4,827	143,163	71,788	-	214,951	
Contractual Costs	1,492,928	10,139	39,456	72,330	5,987	8,410	1,629,250	286,711	-	1,915,961	
Repair and Maintenance	17,847	3,758	2,365	1,046	-	4,476	29,492	22,703	-	52,195	
Utilities	29,734	6,202	4,584	4,088	-	16,666	61,274	7,171	-	68,445	
Rent/Lease Cost	287,934	83,886	83,975	41,976	26,453	54,787	579,011	219,050	-	798,061	
Property taxes	182	-	-	-	-	-	182	38	-	220	
Insurance	36,095	3,608	-	6,676	3,410	4,707	54,496	26,859	-	81,355	
Communication	24,067	4,366	6,390	9,061	2,052	2,934	48,870	36,900	-	85,770	
License & Dues	97,924	71,623	24	2,720	2,967	2,697	177,955	51,013	-	228,968	
Training	20,676	1,861	559	18,252	2,590	1,419	45,357	45,730	-	91,087	
Automobile	16,849	-	-	-	-	-	16,849	13,816	-	30,665	
Bank Service Fees	12	-	-	-	3	-	15	11,519	-	11,534	
Recruitment Costs	28,567	113	43	937	277	1,178	31,115	17,749	-	48,864	
Interest Expense	-	-	-	-	-	-	-	784	-	784	
Depreciation Expense	105,472	-	-	-	-	35,157	140,629	-	-	140,629	
Other Expense	-	-	-	245	-	-	245	-	-	245	
Bad Debts	69,356	-	-	-	-	-	69,356	-	-	69,356	
Total Non-Personnel Expenses	2,562,129	192,394	143,689	179,355	56,911	144,242	3,278,720	872,180	-	4,150,900	
<b>Total Expenses</b>	<b>\$ 7,481,981</b>	<b>\$ 499,924</b>	<b>\$ 302,269</b>	<b>\$ 568,559</b>	<b>\$ 383,823</b>	<b>\$ 552,004</b>	<b>\$ 9,788,560</b>	<b>\$ 4,251,888</b>	<b>\$ -</b>	<b>\$ 14,040,448</b>	

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	
<b>Personnel Expenses</b>											
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	
<b>Non-Personnel Expenses</b>											
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 Expense	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	
<b>Total Expenses</b>	<b>\$ 6,230,727</b>	<b>\$ 363,017</b>	<b>\$ 1,075,170</b>	<b>\$ 1,174,075</b>	<b>\$ 290,784</b>	<b>\$ 210,980</b>	<b>\$ 9,344,753</b>	<b>\$ 2,319,641</b>	<b>\$ -</b>	<b>\$ 11,664,394</b>	

See accompanying notes to financial statements

**KOREAN COMMUNITY SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS

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**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

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**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. For the years ended December 31, 2022 and 2021, its program income totaled \$420,865 and \$404,496, respectively, and program expenses totaled \$383,823 and \$290,784, respectively.

**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

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**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. Amounts received prior to the provision of the services are reported as deferred revenue.

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 money market funds 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. KCS maintains an allowance for doubtful accounts for amounts the Company does not expect to collect. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote bad debt expenses, which were \$69,356 and \$81,282 for the years ended December 31, 2022 and 2021, respectively. KCS determines that the net accounts receivable of \$2,286,706 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

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**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
Leasehold 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 expenses for the years ended December 31, 2022 and 2021 were \$140,629 and \$63,620, 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. The recoverability of assets to be held and used is measured by comparing 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.

Investments

Investments consist of fixed annuity contracts and were recorded at their cash surrender value, which approximates fair value at the financial position date. Changes in the cash surrender value of these policies related to gain and losses incurred on these investments were recorded within non-operating changes in the accompanying statement of activities and changes in net assets. There are no reserves against the cash surrender value for credit risk of the issuers.

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, 2022 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, 2019 through 2021 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, 2018 through 2021 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

**KOREAN COMMUNITY SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS

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**Note 2 - Summary of Significant Accounting Policies, Continued**

Lease

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases* ("Topic 842"), which amended prior accounting standards for leases. KCS has adopted Topic 842 and applied the guidance in ASU No. 2019-09 on a modified retrospective basis. To recognize the transition adjustment, KCS recalculated the opening balance of the lease liability for affected leases, using the risk-free discount rate and remaining lease term at the beginning of the annual period of adoption.

After the adoption of ASC 842, at the inception of an arrangement, KCS determines whether the arrangement is or contains a lease based on the facts and circumstances present. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. At the lease commencement date, operating and finance lease liabilities and their corresponding Right-of-use assets are recorded based on the present value of lease payments over the expected lease term. The interest rate implicit in lease contracts is typically not readily determinable and, as such, KCS uses a risk-free discount rate published by U.S. Treasury. Certain adjustments to the ROU asset may be required for items such as incentives received. KCS does not recognize on the balance sheet leases with terms of one year or less.

Accrued Vacation

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

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 amount 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. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

The guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs that should be 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 recorded value of the investments is adjusted to the cash surrender value of the policies obtained from the insurance providers, which is not observable in the market, and therefore, is classified within Level 3 of the fair value hierarchy.

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

**KOREAN COMMUNITY SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS

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**Note 2 - Summary of Significant Accounting Policies, Continued**

*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, 2022, KCS's cash balance, including short-term investment, exceeding the maximum insured amount totaled \$4,517,022.

*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.

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 Issued Accounting Pronouncement*

KCS has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

**KOREAN COMMUNITY SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS

**Note 3 – Annuity Contract**

The following tables set forth by level, within the fair value hierarchy, KCS's asset at fair value as of December 31, 2022 and 2021:

	Assets at Fair Value as of December 31, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Investments	\$ -	\$ -	\$ 3,397,386	\$ 3,397,386
Total assets at fair value	\$ -	\$ -	\$ 3,397,386	\$ 3,397,386

	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
Investments	\$ -	\$ -	\$ 616,503	\$ 616,503
Total assets at fair value	\$ -	\$ -	\$ 616,503	\$ 616,503

**Note 4 - Leases**

KCS entered into several lease agreements with the weighted-average remaining lease terms of 4.04 years. Lease expenses for the years ended December 31, 2022 and 2021 were approximately \$798,059 and \$669,663. There was operating lease right-of-use assets of \$2,673,550 that was net of accumulated amortization of \$623,766 at December 31, 2022.

Future minimum lease commitments for KCS's operating lease commitments having initial or remaining terms in excess of one year are as follows:

**KOREAN COMMUNITY SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS

**Note 4 – Leases, Continued**

Years ending December 31,	Amount
2023	\$ 790,900
2024	754,687
2025	414,690
2026	432,004
2027	294,731
Thereafter	91,494
Total minimum lease payments	2,778,506
Less: imputed interest	(238,353)
Present value of lease liabilities	2,540,153
Less: current portion	(693,917)
Lease liabilities, net of current portion	\$ 1,846,236

**Note 5 - Availability of Financial Assets**

The Organization's financial assets available within one year of December 31, 2022 and 2021 for general expenditure are as follows:

Current assets	2022	2021
Cash and cash equivalents	\$ 5,525,827	\$ 6,780,724
Short term investments	3,036,208	1,007,738
Accounts receivable, net	2,286,706	2,011,124
Other receivables	348,760	5,213

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.

**Note 6 – Retirement Plan**

KCS sponsors a qualified deferred contribution plan, a 401(k) Profit Sharing Plan (the "Plan"). All employees are eligible to participate in the Plan upon certain requirements are met. Employee contributions are voluntary and determined on an individual basis, limited to the maximum amount allowable under federal tax regulations.

The Plan allows discretionary employer matching contributions, and in 2022 and 2021, KCS matched 4% of the wages contributed to the Plan by participants. The plan also allows the Organization to make additional discretionary profit-sharing contributions. KCS matched contributions to the Plan of \$180,222 and \$3,898 for the years ended December 31, 2022 and 2021, respectively.

**KOREAN COMMUNITY SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS

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**Note 7 – Subsequent Events**

Subsequent to January 1, 2023, KCS decided to spin off its Korean American Center division into a standalone organization.

KCS has evaluated all subsequent events through the date that the financial statements were available to be issued, which was September 28, 2023. Aside from subsequent events disclosed above within this note, KCS 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, 2022, 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 28, 2023.

**Report on 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) as a basis for designing 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.

### **Report on 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

Irvine, California  
September 28, 2023

**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, 2022. 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, 2022.

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 for the Audit of Compliance

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 to 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

CKP, LLP

Irvine, California  
September 28, 2023

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**KOREAN COMMUNITY SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2022

<u>Federal Grantor / Pass-Through Grantor / Program</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity identifying Number</u>	<u>Total 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	N/A	\$ 1,957,809	\$ 493,256
Health Center Program Cluster				
Health Center Program	93.224*	N/A	439,763	-
Health Center Program	93.224*	N/A	214,730	-
American Rescue Plan Act Funding for Health Centers	93.224*	N/A	551,894	-
FY 2021 Ending the HIV Epidemic - Primary Care HIV Prevention	93.527*	N/A	110,083	-
FY 2023 Expanding Covid-19 Vaccination	93.527*	N/A	<u>13,908</u>	<u>-</u>
Total Health Center Program Cluster			1,330,378	-
Health Center Infrastructure Support	93.526	N/A	133,101	-
Pass through:				
Sierra Health Foundation				
Medication Assisted Treatment	93.959*	B08TI083527	268,573	-
University of California, Irvine				
Technology Advanced Geriatrics	93.969	U1QHP28724	23,759	-
Total U.S. Department Health and Human Services			<u>3,713,620</u>	<u>493,256</u>

**KOREAN COMMUNITY SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2022

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U.S. Department of Homeland Security

Pass through:

Multi-Ethnic Collaborative of Community Agencies				
Crisis Counseling Program	97.032	FEMA-2015-0012	<u>239,974</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>239,974</u>	<u>-</u>

Small Business Administration

Pass through:

Koreatown Youth and Community Center				
Community Navigator Pilot Program	59.077	SBAHQ22CNP0030KYCC	<u>49,947</u>	<u>-</u>
Total Small Business Administration			<u>49,947</u>	<u>-</u>

Total Federal Awards			<u>\$ 4,003,541</u>	<u>\$ 493,256</u>
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**\* : 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, 2022

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**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, 2022. 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, 2022

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**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:**

<b>Assistance Listing Number</b>	<b>Name of Federal Program or Cluster</b>
93.224/93.527 93.959	Health Center Program Cluster Medication Assisted Treatment
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	<u>  X  </u> Yes <span style="margin-left: 100px;">_____ No</span>

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None noted.

**SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None noted.