

THE KOREA SOCIETY

**Financial Statements
for the year ended
December 31, 2024
(with Summarized Comparative Totals for 2023)**

Independent Auditor's Report

To the Board of Directors
The Korea Society

Opinion

We have audited the accompanying financial statements of The Korea Society (the "Society") which comprise the statement of financial position as of December 31, 2024 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2024 and the result of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities in accordance with the 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 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 Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society'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 Society'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.

Report on Summarized Comparative Information

We have previously audited the Society's 2023 financial statements, and our report dated April 25, 2024, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McEnty & Donnelly LLP

March 11, 2025

THE KOREA SOCIETY
Statement of Financial Position

Assets

	December 31	
	2024	2023
Cash and cash equivalents	\$ 2,671,819	\$ 2,599,500
Investments, at fair value	23,531,636	21,844,725
Accounts receivable	26,031	106,278
Contributions receivable, net	50,000	325,234
Prepaid expenses	29,273	22,914
Leasehold improvements and furniture, fixtures and equipment, net	659,797	771,490
Right to use asset	<u>2,314,806</u>	<u>3,008,255</u>
Total assets	<u>\$ 29,283,362</u>	<u>\$ 28,678,396</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 102,483	\$ 124,774
Lease liability	<u>2,502,494</u>	<u>3,258,506</u>
Total liabilities	<u>2,604,977</u>	<u>3,383,280</u>

Net assets

Without donor restrictions	12,597,298	12,546,729
With donor restrictions	<u>14,081,087</u>	<u>12,748,387</u>
Total net assets	<u>26,678,385</u>	<u>25,295,116</u>
Total liabilities and net assets	<u>\$ 29,283,362</u>	<u>\$ 28,678,396</u>

See notes to financial statements.

THE KOREA SOCIETY

4

Statement of Activities Year Ended December 31, 2024 (with Summarized Comparative Totals for the year ended December 31, 2023)

	2024		2023
	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
Contributions	\$ 1,242,591	\$ 250,000	\$ 1,492,591
Program revenue	419,581	-	419,581
Special events, net of direct costs of \$351,101 and \$292,583 for 2024 and 2023, respectively	565,830	-	565,830
Contributed nonfinancial assets	89,000	30,000	119,000
Net assets released from restrictions	<u>1,337,633</u>	<u>(1,337,633)</u>	<u>-</u>
Total operating activities	<u>3,654,635</u>	<u>(1,057,633)</u>	<u>2,597,002</u>
Expenses			
Program services	<u>2,661,754</u>	<u>-</u>	<u>2,661,754</u>
Supporting activities			
Management and general	578,307	-	578,307
Development	<u>743,968</u>	<u>-</u>	<u>743,968</u>
Total supporting activities	<u>1,322,275</u>	<u>-</u>	<u>1,322,275</u>
Total expenses	<u>3,984,029</u>	<u>-</u>	<u>3,984,029</u>
Change in net assets from operating activities	(329,394)	(1,057,633)	(1,387,027)
Non operating activities			(1,008,880)
Investment return - net	<u>379,963</u>	<u>2,390,333</u>	<u>2,770,296</u>
Increase in net assets	<u>50,569</u>	<u>1,332,700</u>	<u>1,383,269</u>
Net assets, beginning of year	<u>12,546,729</u>	<u>12,748,387</u>	<u>25,295,116</u>
Net assets, end of year	<u>\$ 12,597,298</u>	<u>\$14,081,087</u>	<u>\$25,295,116</u>

See notes to financial statements.

THE KOREA SOCIETY

**Statement of Functional Expenses
Year Ended December 31, 2024
(with Summarized Comparative Totals for the year ended December 31, 2023)**

	2024						2023					
	Program Services						Supporting Activities					
	Policy	Corporate	Congressional Study	Education	Arts and Culture	Media	Total	Management and General	Development	Direct Cost of Special Events	Total	Total
Grants	\$ -	\$ -	\$ -	\$ 18,000	\$ -	\$ -	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ 18,000
Program costs	96,868	153,574	-	302,482	62,759	44,347	660,030	-	62,880	-	62,880	722,910
Contributed airline tickets	6,206	8,000	5,000	18,184	-	-	37,390	-	60,167	6,677	66,844	104,234
Salaries and related expenses	225,594	171,555	14,090	149,387	187,343	406,756	1,154,725	362,001	395,899	-	757,900	1,912,625
Consulting and professional fees	-	-	-	-	-	-	-	40,025	-	27,000	67,025	1,700,758
Occupancy	108,218	62,773	2,139	95,547	100,057	204,877	573,611	129,429	165,240	-	294,669	27,320
Travel, lodging and entertainment	5,867	4,378	279	5,389	5,590	11,454	32,957	7,560	6,966	19,492	34,018	872,198
Equipment rental and maintenance	1,501	836	28	1,339	1,392	2,845	7,941	1,791	2,325	-	4,116	34,595
Office supplies	2,244	1,299	56	2,023	2,080	4,255	11,957	2,675	3,356	-	6,031	12,057
Telephone and communication	1,924	1,096	66	1,753	1,807	3,694	10,340	2,336	2,786	-	5,122	17,988
Insurance	2,289	1,865	56	2,180	2,181	4,470	13,041	2,514	2,979	-	5,493	15,462
Venue rental and catering	-	-	-	-	-	-	-	-	2,979	-	5,493	18,534
Other	6,061	3,557	95	14,247	5,596	11,436	40,992	7,184	-	242,825	242,825	230,880
Depreciation and amortization	19,032	11,007	366	16,794	17,579	35,992	100,770	22,792	12,218	55,107	74,509	115,501
Total expenses	475,804	419,940	22,175	627,325	386,384	730,126	2,661,754	578,307	29,152	-	51,944	152,714
Less: expenses deducted directly on the statement of activities	-	-	-	-	-	-	-	-	743,968	351,101	1,673,376	4,355,130
Total expenses reported by function on the statement of activities	\$ 475,804	\$ 419,940	\$ 22,175	\$ 627,325	\$ 386,384	\$ 730,126	\$ 2,661,754	\$ 578,307	\$ 743,968	\$ -	\$ 1,322,275	\$ 3,984,029
												\$ 3,755,584

See notes to financial statements.

THE KOREA SOCIETY

Statement of Cash Flows

	Year Ended December 31	
	2024	2023
Cash flows from operating activities		
Increase in net assets	\$ 1,383,269	\$ 1,816,651
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	152,714	145,585
Right to use asset amortization	(62,563)	(62,567)
Net realized and unrealized (gain) on investments	(1,779,599)	(2,174,114)
Decrease in accounts receivable	80,247	18,315
Decrease in contributions receivable	275,234	500,193
(Increase) decrease in prepaid expenses	(6,359)	1,940
Increase (decrease) in accounts payable and accrued expenses	(22,291)	40,927
Net cash provided by operating activities	<u>20,652</u>	<u>286,930</u>
Cash flows from investing activities		
Purchase of investments	(686,392)	(1,711,052)
Proceeds from sale of investments	779,080	1,209,614
Expenditures for furniture, fixtures and equipment	<u>(41,021)</u>	<u>(35,873)</u>
Net cash provided by (used in) investing activities	<u>51,667</u>	<u>(537,311)</u>
Net increase (decrease) in cash and cash equivalents	72,319	(250,381)
Cash and cash equivalents, beginning of year	<u>2,599,500</u>	<u>2,849,881</u>
Cash and cash equivalents, end of year	<u>\$ 2,671,819</u>	<u>\$ 2,599,500</u>

See notes to financial statements.

THE KOREA SOCIETY**Notes to Financial Statements
December 31, 2024 and December 31, 2023****Note 1 – Summary of significant accounting policies****Organization**

The Korea Society (the “Society”) is dedicated to strengthening the bonds of awareness, understanding and cooperation between the United States and Korea, and among Koreans, Korean-Americans and all other Americans. The Society’s efforts extend to the arts, business, education and the media.

The Society is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Society has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation within the meaning of Section 509(a)(1) of the Code.

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with Accounting Principles Generally Accepted in the United States of America. Net assets consist of revenue and other support that are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions. Such support includes contributions without restrictions and restricted contributions whose donor-imposed restrictions were met during the year. Also included is the Board Designated Endowment Fund, which consist of operating funds set aside by the Board of Directors.

With donor restrictions

Net assets subject to donor-imposed restrictions that will be met either by their use in specific programs or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Restrictions that have been met on net assets with donor restrictions are reported as net assets released from restrictions in the statement of activities.

Perpetual restricted net assets consist of contributions that are restricted by the donor in that the principal must remain in perpetuity but the investment income earned on such funds may be spent in accordance with the donor’s terms.

Revenue recognition

Contributions, including unconditional promises to give, are recognized as revenue when pledged. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

THE KOREA SOCIETY**Notes to Financial Statements (continued)
December 31, 2024 and December 31, 2023****Note 1 – Summary of significant accounting policies (continued)****Cash equivalents**

The Society considers highly liquid instruments with original maturities of ninety days or less to be cash equivalents. Cash equivalents include money market funds included in the investment portfolio.

Investments

Investments are recorded in the statement of financial position at fair value based on quoted market prices with the resulting change in unrealized gains or losses included in the statement of activities. Purchases and sales of securities are reflected on a trade-date basis. Realized and unrealized gains (losses) on investments are credited (charged) to unrestricted net assets. Dividends are recorded on the ex-dividend date.

Allowance for credit losses

The Society has determined that an allowance for credit losses for any potentially uncollectable receivables is not required. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions. The Society did not increase its allowance for credit losses and had no bad debt write-offs for 2023 and 2024.

Leasehold improvements and furniture, fixtures and equipment

Leasehold improvements and furniture, fixtures and equipment are recorded at cost. The Society capitalizes expenditures for assets in excess of a nominal amount with an estimated life of greater than one year. Depreciation of furniture, fixtures and equipment is being provided for by the straight-line method over the estimated useful lives of the related assets ranging from three to fifteen years. Leasehold improvements are amortized using the straight-line method over the lesser of the improvements' estimated useful life or the lease term.

Contributed nonfinancial assets

Contributed nonfinancial assets are estimated at their fair value and reported as revenue. Contributed nonfinancial assets are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques including time and effort spent, number of staff and office space usage.

THE KOREA SOCIETY

Notes to Financial Statements (continued) December 31, 2024 and December 31, 2023

Note 1 – Summary of significant accounting policies (continued)

Concentrations of credit risk

The Society's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents and investments. The Society places its cash and cash equivalents with what it believes to be quality financial institutions. The Society has not experienced any losses on these accounts to date. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at December 31, 2024. The Society routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. As a consequence, concentrations of credit risk are limited.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Subsequent events

The Society has evaluated events and transactions for potential recognition or disclosure through March 11, 2025, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and availability of financial assets

The Society's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts from contributions and other revenue items.

The following is a summary of the Society's financial assets as of December 31, 2024 and December 31, 2023 for general use within one year of the statement of financial position date.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,671,819	\$ 2,599,500
Investments, at fair value	23,531,636	21,844,725
Accounts receivable	26,031	106,278
Contributions receivable	<u>50,000</u>	<u>325,234</u>
Sub-total	26,279,486	24,875,737
Less: net assets with perpetual donor restrictions	<u>9,684,859</u>	<u>9,684,859</u>
Total	<u>\$ 16,594,627</u>	<u>\$ 15,190,878</u>

THE KOREA SOCIETY

Notes to Financial Statements (continued) December 31, 2024 and December 31, 2023

Note 3 – Investments

The following is a summary of investments at December 31, 2024 and December 31, 2023:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Common stocks	\$ 563,262	\$ 757,515	\$ 563,262	\$ 692,732
Mutual funds				
Domestic	12,177,845	19,383,136	11,819,815	17,379,401
International	3,067,260	3,064,392	3,067,260	3,010,241
Fixed income	322,282	326,593	748,537	762,351
Total	<u>\$ 16,130,649</u>	<u>\$ 23,531,636</u>	<u>\$ 16,198,874</u>	<u>\$ 21,844,725</u>

Mutual funds invest mainly in stocks, bonds and short-term investments.

The components of investment return for the years ended December 31, 2024 and December 31, 2023 are as follows:

	2024	2023
Interest and dividends	\$ 676,894	\$ 609,491
Capital gain distributions on investments	313,803	41,926
Realized gain on sale of investments	24,463	142,706
Unrealized gain on investments	1,755,136	2,031,408
Total	<u>\$ 2,770,296</u>	<u>\$ 2,825,531</u>

The Financial Accounting Standards Board (FASB) established a fair value hierarchy that prioritizes the inputs used to measure fair value into three broad levels. The Society's investments are measured using Level 1 inputs, which are defined as quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.

Note 4 – Contributions receivable

The Society discounts its non-current contributions receivable to their present value using a rate of 5.0% per annum. As of December 31, 2024 and December 31, 2023, the Society's contributions receivable are expected to be received within one year of the statement of financial position date.

Note 5 – Leasehold improvements and furniture, fixtures and equipment

	2024	2023
Leasehold improvements	\$ 1,180,100	\$ 1,180,100
Furniture, fixtures, equipment and other	466,304	425,283
Sub-total	1,646,404	1,605,383
Less: accumulated depreciation and amortization	(986,607)	(833,893)
Total	<u>\$ 659,797</u>	<u>\$ 771,490</u>

THE KOREA SOCIETY

Notes to Financial Statements (continued)
December 31, 2024 and December 31, 2023

Note 6 – Assets restricted for long-term investment

Assets restricted for long-term investment at December 31, 2024 and December 31, 2023 are available solely for investment of permanent endowment funds and consist of investments totaling \$9,684,859.

Note 7 – Net assets without donor restrictions

Net assets without donor restrictions consist of the following as of December 31, 2024 and December 31, 2023:

	<u>2024</u>	<u>2023</u>
Operating fund	\$ 9,176,461	\$ 9,480,328
Board-designated endowment fund	<u>3,420,837</u>	<u>3,066,401</u>
Total	<u>\$ 12,597,298</u>	<u>\$ 12,546,729</u>

Note 8 – Net assets with donor restrictions

A summary of the transactions in net assets with temporary donor restrictions for 2024 are as follows:

	Balance at December 31, <u>2023</u>	Support and Net Investment Return <u>Return</u>	Released from Restrictions <u>Restrictions</u>	Balance at December 31, <u>2024</u>
Kim Koo Endowment	\$ 135,740	\$ 88,907	\$ (6,430)	\$ 218,217
Sherman Family Endowment	5,055	8,911	(6,275)	7,691
Korea Foundation Endowment	2,422,805	2,292,515	(820,000)	3,895,320
Contributions to various programs	300,000	-	(300,000)	-
Grant to Startup Scene Series	127,427	200,000	(127,427)	200,000
Grant to Lecture Series	47,267	50,000	(47,267)	50,000
Grant to Education program	15,000	-	(15,000)	-
Airline eTickets for programs and other activities	<u>10,234</u>	<u>30,000</u>	<u>(15,234)</u>	<u>25,000</u>
Total	<u>\$3,063,528</u>	<u>\$2,670,333</u>	<u>\$ (1,337,633)</u>	<u>\$4,396,228</u>

Net assets with perpetual donor restrictions consist of the following as of December 31, 2024 and December 31, 2023:

	<u>Total</u>
Korea Foundation Endowment	\$ 8,400,000
Kim Koo Endowment	1,000,000
Philip D. Sherman Endowment	175,000
Other permanent endowment funds	<u>109,859</u>
Total	<u>\$ 9,684,859</u>

THE KOREA SOCIETY

Notes to Financial Statements (continued) December 31, 2024 and December 31, 2023

Note 8 – Net assets with donor restrictions (continued)

A summary of the transactions in net assets with donor restrictions are as follows:

	Temporary Donor Restrictions	Perpetual Donor Restrictions	Total
Net assets, beginning of year	\$ 3,063,528	\$ 9,684,859	\$ 12,748,387
Support and net investment return	2,670,333	-	2,670,333
Net assets released from restriction	(1,337,633)	-	(1,337,633)
Net assets, end of year	<u>\$ 4,396,228</u>	<u>\$ 9,684,859</u>	<u>\$ 14,081,087</u>

Note 9 – Endowment

The Society's endowment consists of various individual funds established for a variety of purposes. Its endowment includes donor-restricted funds and funds designated by the Society. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Society to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Statutory Law

The Society follows the laws of the New York State Prudent Management of Institutional Funds Act (NYPMIFA) when adhering to donor-restricted contributions. The Society considers the following factors in making a determination to appropriate or accumulate restricted funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Society and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Society
- (7) If appropriate and circumstances warrant, alternatives to endowment expenditures
- (8) The investment policies of the Society

Investment objectives

The Society's primary investment objective of the endowment shall be to obtain investment returns higher than the rate of inflation while maintaining safety of the funds. High investment returns shall be sought to support the programs of the Society. Returns in the form of capital gains shall be sought to protect the purchasing power of the funds over time. Transaction costs shall be minimized at all times to the extent possible. It is recognized that there may be time of market volatility, which may lead to negative returns.

THE KOREA SOCIETY

Notes to Financial Statements (continued)
December 31, 2024 and December 31, 2023**Note 9 – Endowment (continued)**Spending policy

Decisions to appropriate endowment funds are made on a fund-by-fund basis and in accordance with any specific directives on spending that the donor has imposed.

Endowment net assets consist of the following as of December 31, 2024 and December 31, 2023:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 13,806,087	\$ 13,806,087
Board-designated endowment fund	3,420,837	-	3,420,837
Total	<u>\$ 3,420,837</u>	<u>\$ 13,806,087</u>	<u>\$ 17,226,924</u>

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 12,248,459	\$ 12,248,459
Board-designated endowment fund	3,066,401	-	3,066,401
Total	<u>\$ 3,066,401</u>	<u>\$ 12,248,459</u>	<u>\$ 15,314,860</u>

A summary of the transactions in endowment net assets for 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	<u>\$ 3,066,401</u>	<u>\$ 12,248,459</u>	<u>\$ 15,314,860</u>
Investment return			
Interest and dividends	105,844	520,693	626,537
Realized gain	-	12,470	12,470
Capital gain distributions on investments	58,239	255,565	313,804
Unrealized gain on investments	<u>163,113</u>	<u>1,601,605</u>	<u>1,764,718</u>
Total investment return	<u>327,196</u>	<u>2,390,333</u>	<u>2,717,529</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(832,705)</u>	<u>(832,705)</u>
Other changes			
Transfer to Board-designated endowment fund	<u>27,240</u>	<u>-</u>	<u>27,240</u>
Endowment net assets, end of year	<u>\$ 3,420,837</u>	<u>\$ 13,806,087</u>	<u>\$ 17,226,924</u>

THE KOREA SOCIETY

Notes to Financial Statements (continued) December 31, 2024 and December 31, 2023

Note 10 – Lease agreement

During November 2016, the Society signed a new lease for New York office space, for the term of ten years and six months, with an option to renew for an additional five years. The Society took possession of the new space during June 2017. Under the terms of the lease, the Society received rent abatement for the first six months of the lease term. The Society is required to pay a minimum rental of \$778,560 per annum for the first five years of the lease term after the initial six months and \$827,220 per annum during the balance of the lease. In addition to the minimum rental, the Society is responsible for its proportionate share of operating expenses, electricity charges and real estate taxes. As security for this lease, the Society obtained an irrevocable standby letter of credit from a bank in the amount of \$735,982 in favor of the landlord.

The Society has recognized 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 and is required to do the following:

1. Recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position.
2. Recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis.

The following is a summary of the required annual lease payments over the term of the lease:

<u>Year</u>	<u>Amount</u>
2025	\$ 827,220
2026	827,220
2027	<u>827,220</u>
Total	2,481,660
Add: amount to adjust lease payments (discount rate – 5%)	<u>20,834</u>
Net	<u>\$ 2,502,494</u>

Note 11 – 401(k) plan

The Society has a 401(k) plan (the “Plan”) whereby eligible employees can contribute to the Plan in accordance with IRS regulations. The Society matches 100% of the employee’s elective deferral up to 6% of eligible earnings, and both the employee’s elective deferral and employer’s matching contribution become immediately fully vested. The Society made contributions totaling \$70,906 and \$68,411 for the years ended December 31, 2024 and December 31, 2023, respectively. Forfeitures of non-vested contributions are used to reduce the Society’s contributions to the Plan.