

**THE KOREA SOCIETY**

**Financial Statements**  
**for the year ended**  
**December 31, 2025**  
**(with Summarized Comparative Totals for 2024)**

## **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, 2025 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, 2025 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 2024 financial statements, and our report dated March 11, 2025, 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 McGinty + Donnelly LLP*

**THE KOREA SOCIETY**  
**Statement of Financial Position**

**Assets**

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Cash and cash equivalents	\$ 998,190	\$ 2,671,819
Investments, at fair value	28,221,947	23,531,636
Accounts receivable	124,313	26,031
Contributions receivable, net	1,225,358	50,000
Prepaid expenses	23,482	29,273
Leasehold improvements and furniture, fixtures and equipment, net	526,807	659,797
Right to use asset – operating lease	1,583,556	2,314,806
<b>Total assets</b>	<b>\$ 32,703,653</b>	<b>\$ 29,283,362</b>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable and accrued expenses	\$ 161,202	\$ 102,483
Operating lease liability, net	1,708,682	2,502,494
Total liabilities	1,869,884	2,604,977

**Net assets**

Without donor restrictions	12,012,501	12,597,298
With donor restrictions	18,821,268	14,081,087
Total net assets	30,833,769	26,678,385
<b>Total liabilities and net assets</b>	<b>\$ 32,703,653</b>	<b>\$ 29,283,362</b>

See notes to financial statements.

**THE KOREA SOCIETY**

**Statement of Activities  
Year Ended December 31, 2025**

**(with Summarized Comparative Totals for the Year Ended December 31, 2024)**

	<u>2025</u>			<u>2024</u> <u>Total</u>
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	
<b>Operating activities</b>				
Contributions of cash	\$ 1,535,917	\$ 355,417	\$ 1,891,334	\$ 1,492,591
Program revenue	299,175	-	299,175	419,581
Special events, net of direct costs of \$351,459 and \$351,101 for 2025 and 2024, respectively	624,324	-	624,324	565,830
Contributed nonfinancial assets	94,600	1,437,420	1,532,020	119,000
Net assets released from restrictions	<u>1,480,151</u>	<u>(1,480,151)</u>	<u>-</u>	<u>-</u>
<b>Total operating activities</b>	<u>4,034,167</u>	<u>312,686</u>	<u>4,346,853</u>	<u>2,597,002</u>
<b>Expenses</b>				
Program services	<u>3,420,038</u>	<u>-</u>	<u>3,420,038</u>	<u>2,661,754</u>
Supporting activities				
Management and general	783,687	-	783,687	578,307
Development	<u>970,476</u>	<u>-</u>	<u>970,476</u>	<u>743,968</u>
<b>Total supporting activities</b>	<u>1,754,163</u>	<u>-</u>	<u>1,754,163</u>	<u>1,322,275</u>
<b>Total expenses</b>	<u>5,174,201</u>	<u>-</u>	<u>5,174,201</u>	<u>3,984,029</u>
Change in net assets from operating activities	(1,140,034)	312,686	(827,348)	(1,387,027)
<b>Non operating activities</b>				
Investment return - net	<u>555,237</u>	<u>4,427,495</u>	<u>4,982,732</u>	<u>2,770,296</u>
<b>Increase (decrease) in net assets</b>	<b>(584,797)</b>	<b>4,740,181</b>	<b>4,155,384</b>	<b>1,383,269</b>
<b>Net assets, beginning of year</b>	<u><b>12,597,298</b></u>	<u><b>14,081,087</b></u>	<u><b>26,678,385</b></u>	<u><b>25,295,116</b></u>
<b>Net assets, end of year</b>	<u><b>\$ 12,012,501</b></u>	<u><b>\$18,821,268</b></u>	<u><b>\$30,833,769</b></u>	<u><b>\$26,678,385</b></u>

See notes to financial statements.

**THE KOREA SOCIETY**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2025**  
**(with Summarized Comparative Totals for the Year Ended December 31, 2024)**

	2025							2024					
	Program Services						Supporting Activities						
	Business and Economics	Congressional Study	Education	Arts and Culture	Media	Total	Management and General	Development	Direct Cost of Special Events	Total	Total	Total	
Grants and awards	\$ -	\$ 2,300	\$ 250,000	\$ 22,000	\$ -	\$ -	\$ 274,300	\$ -	\$ -	\$ -	\$ -	\$ 274,300	\$ 18,000
Program and activity costs	91,740	210,811	-	260,425	74,672	47,365	685,013	-	66,554	-	66,554	751,567	722,910
Contributed airline tickets	5,958	6,476	4,250	15,284	3,840	-	35,808	-	68,496	11,500	79,996	115,804	104,234
Salaries and related expenses	275,947	265,094	20,066	147,560	215,948	457,567	1,382,182	406,324	505,225	-	911,549	2,293,731	1,912,625
Consulting and professional fees	-	-	-	-	-	5,750	5,750	162,350	-	-	162,350	168,100	67,025
Occupancy	138,507	143,682	3,772	118,188	125,965	261,130	791,244	165,400	248,934	-	414,334	1,205,578	868,280
Travel, lodging and entertainment	7,493	7,363	185	6,488	6,788	14,124	42,441	8,866	13,692	11,306	33,864	76,305	66,975
Hardware and software	1,567	1,480	49	1,317	1,428	2,963	8,804	1,862	2,891	-	4,753	13,557	12,057
Office supplies	2,466	2,250	88	2,062	2,213	4,613	13,692	1,944	4,547	-	6,491	20,183	17,988
Telephone and communication	1,916	1,611	64	1,437	1,730	3,606	10,364	2,247	3,648	-	5,895	16,259	15,462
Insurance	2,312	1,557	154	1,093	2,117	4,467	11,700	2,889	4,548	-	7,437	19,137	18,534
Venue rental and catering	-	-	-	-	-	-	-	-	-	272,569	272,569	272,569	242,825
Other	7,980	10,542	144	13,235	7,304	15,136	54,341	9,782	17,765	56,084	83,631	137,972	115,501
Depreciation and amortization	18,558	17,719	603	15,591	16,867	35,061	104,399	22,023	34,176	-	56,199	160,598	152,714
Total expenses	554,444	670,885	279,375	604,680	458,872	851,782	3,420,038	783,687	970,476	351,459	2,105,622	5,525,660	4,335,130
Less: expenses deducted directly on the statement of activities	-	-	-	-	-	-	-	-	-	(351,459)	(351,459)	(351,459)	(351,101)
<b>Total expenses reported by function on the statement of activities</b>	<b>\$ 554,444</b>	<b>\$ 670,885</b>	<b>\$ 279,375</b>	<b>\$ 604,680</b>	<b>\$ 458,872</b>	<b>\$ 851,782</b>	<b>\$ 3,420,038</b>	<b>\$ 783,687</b>	<b>\$ 970,476</b>	<b>\$ -</b>	<b>\$ 1,754,163</b>	<b>\$ 5,174,201</b>	<b>\$ 3,984,029</b>

See notes to financial statements.

**THE KOREA SOCIETY**

**Statement of Cash Flows**

	<b>Year Ended</b>	
	<b>December 31</b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 4,155,384	\$ 1,383,269
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	160,598	152,714
Amortization of right to use asset – operating lease	731,250	693,449
Net realized and unrealized (gain) on investments	(4,396,593)	(1,779,599)
(Increase) decrease in accounts receivable	(98,282)	80,247
(Increase) decrease in contributions receivable	(1,175,358)	275,234
(Increase) decrease in prepaid expenses	5,791	(6,359)
Increase (decrease) in accounts payable and accrued expenses	58,719	(22,291)
(Decrease) in operating lease liability	<u>(793,812)</u>	<u>(756,012)</u>
Net cash provided by (used in) operating activities	<u>(1,352,303)</u>	<u>20,652</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(50,751,265)	(686,392)
Proceeds from sale of investments	50,457,547	779,080
Expenditures for furniture, fixtures and equipment	<u>(27,608)</u>	<u>(41,021)</u>
Net cash provided by (used in) investing activities	<u>(321,326)</u>	<u>51,667</u>
<b>Net increase (decrease) in cash and cash         equivalents</b>	<b>(1,673,629)</b>	<b>72,319</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>2,671,819</u></b>	<b><u>2,599,500</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 998,190</u></b>	<b><u>\$ 2,671,819</u></b>

See notes to financial statements.

## THE KOREA SOCIETY

### Notes to Financial Statements December 31, 2025 and December 31, 2024

#### **Note 1 – Nature of organization and summary of significant accounting policies**

##### Nature of 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. During 2025, the Board authorized a \$300,000 transfer from the Board Designated Endowment Fund to the Operating Fund.

##### 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.

##### Cash equivalents

The Society considers highly liquid instruments with original maturities of 90 days or less to be cash equivalents. Cash equivalents include money market funds included in the investment portfolio.

**THE KOREA SOCIETY****Notes to Financial Statements (continued)  
December 31, 2025 and December 31, 2024****Note 1 – Nature of organization and summary of significant accounting policies (continued)**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 and anticipated future economic conditions. The Society had no bad debt write-offs for 2024 and 2025.

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.

Contributions

Contributions are recognized when the donor makes a promise to give a gift to the Society that is unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. When applicable, long-term promises to give are discounted to their present value. Conditional contributions contain donor-imposed conditions that represent a barrier that must be overcome as well as a right of release from obligation and are recognized when they become unconditional, that is, when the conditions on which they depend on are substantially met.

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.

Revenue recognition

The Society's special event revenue is recognized when the event takes place. The Society's program revenue is recognized as the services are provided. All of the Society's revenue is recognized at a point in time.

**THE KOREA SOCIETY****Notes to Financial Statements (continued)  
December 31, 2025 and December 31, 2024****Note 1 – Nature of organization and summary of significant accounting policies (continued)****Functional allocation of expenses**

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

**Concentrations of credit risk**

The Society's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. 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, 2025. The Society routinely assesses the financial strength of its cash, cash equivalents, investment portfolio and collectability of its receivables. 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 April 22, 2026, 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.

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**Notes to Financial Statements (continued)**  
**December 31, 2025 and December 31, 2024**

**Note 2 – Liquidity and availability of financial assets (continued)**

The following is a summary of the Society's financial assets as of December 31, 2025 and December 31, 2024 for general use within one year of the statement of financial position date.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 998,190	\$ 2,671,819
Investments, at fair value	28,221,947	23,531,636
Accounts receivable	124,313	26,031
Contributions receivable – current	<u>707,107</u>	<u>50,000</u>
Sub-total	30,051,557	26,279,486
Less: net assets with perpetual donor restrictions	(9,684,859)	(9,684,859)
Board-designated endowment fund	(3,654,421)	(3,420,837)
Non-cash contribution receivable	<u>(652,296)</u>	<u>(25,000)</u>
Total	<u>\$ 16,059,981</u>	<u>\$ 13,148,790</u>

**Note 3 – Investments**

The following is a summary of investments at December 31, 2025 and December 31, 2024:

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Common stocks	\$ 10,200,807	\$ 11,344,086	\$ -	\$ -
Exchange-traded products	5,847,683	7,738,174	563,262	757,515
Mutual funds				
Domestic	2,046,535	2,690,966	12,177,845	19,383,136
International	-	-	3,067,260	3,064,392
Fixed Income				
US Treasury bills	4,679,358	4,700,886	322,282	326,593
Corporate bonds	<u>1,746,366</u>	<u>1,747,835</u>	-	-
Total	<u>\$ 24,520,749</u>	<u>\$ 28,221,947</u>	<u>\$ 16,130,649</u>	<u>\$ 23,531,636</u>

Exchange-traded products and mutual funds invest mainly in stocks, bonds, and short-term investments.

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**Notes to Financial Statements (continued)**  
**December 31, 2025 and December 31, 2024**

**Note 3 – Investments (continued)**

The components of investment return for the years ended December 31, 2025 and December 31, 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 542,342	\$ 676,894
Capital gain distributions on investments	80,122	313,803
Realized gain on sale of investments	8,096,382	24,463
Unrealized gain (loss) on investments	<u>(3,699,789)</u>	<u>1,755,136</u>
Total investment income	5,019,057	2,770,296
Less: management and other fees	<u>(36,325)</u>	<u>-</u>
Net investment income	<u>\$ 4,982,732</u>	<u>\$ 2,770,296</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, net**

The Society discounts its non-current contributions receivable to their present value using a rate of 5.0% per annum. As of December 31, 2025 and December 31, 2024, the Society's contributions receivable are expected to be received as follows:

	<u>2025</u>	<u>2024</u>
Due within one year	\$ 707,107	\$ 50,000
Due within one to five years	<u>672,296</u>	<u>-</u>
Sub-total	1,379,403	50,000
Less: amount to reduce contributions receivable to their present value (discount rate – 5%)	<u>154,045</u>	<u>-</u>
Total	<u>\$ 1,225,358</u>	<u>\$ 50,000</u>

**Note 5 – Concentration of support**

During the years ended December 31, 2025 and December 31, 2024, the Society received approximately 47% and 46%, respectively, of its total contributions of cash from two donors. Society relies on these contributions to support its program services and supporting activities.

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**Notes to Financial Statements (continued)**  
**December 31, 2025 and December 31, 2024**

**Note 6 – Leasehold improvements and furniture, fixtures and equipment, net**

Leasehold improvements and furniture, fixtures and equipment, net, consists of the following as of December 31, 2025 and December 31, 2024:

	<u>2025</u>	<u>2024</u>
Leasehold improvements	\$ 1,198,254	\$ 1,180,100
Furniture, fixtures, equipment and other	<u>475,758</u>	<u>466,304</u>
Sub-total	1,674,012	1,646,404
Less: accumulated depreciation and amortization	<u>(1,147,205)</u>	<u>(986,607)</u>
Total	<u>\$ 526,807</u>	<u>\$ 659,797</u>

**Note 7 – Assets restricted for long-term investment**

Assets restricted for long-term investment at December 31, 2025 and December 31, 2024 are available solely for investment of permanent endowment funds and consist of investments totaling \$9,684,859.

**Note 8 – Net assets without donor restrictions**

Net assets without donor restrictions consist of the following as of December 31, 2025 and December 31, 2024:

	<u>2025</u>	<u>2024</u>
Operating fund	\$ 8,358,080	\$ 9,176,461
Board-designated endowment fund	<u>3,654,421</u>	<u>3,420,837</u>
Total	<u>\$ 12,012,501</u>	<u>\$ 12,597,298</u>

**Note 9 – Net assets with donor restrictions**

A summary of the transactions in net assets with temporary donor restrictions for 2025 and 2024 is as follows:

	<u>2025</u>			
	Balance at December 31, <u>2024</u>	Support and Net Investment Return	Released from Restrictions	Balance at December 31, <u>2025</u>
Kim Koo Endowment	\$ 218,217	\$ 153,077	\$ (8,559)	\$ 362,735
Sherman Family Endowment	7,691	24,689	(5,113)	27,267
Korea Foundation Endowment	3,895,320	4,249,729	(899,000)	7,246,049
Grant to Startup Scene Series	200,000	250,000	(200,000)	250,000
Grant to Lecture Series	50,000	50,000	(50,000)	50,000
Other education programs	-	55,417	(20,000)	35,417
Airline eTickets for programs and other activities	25,000	10,500	(25,689)	9,811
Contributed rent	-	<u>1,426,920</u>	<u>(271,790)</u>	<u>1,155,130</u>
Total	<u>\$4,396,228</u>	<u>\$6,220,332</u>	<u>\$ (1,480,151)</u>	<u>\$9,136,409</u>

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**Notes to Financial Statements (continued)**  
**December 31, 2025 and December 31, 2024**

**Note 9 – Net assets with donor restrictions (continued)**

	2024			
	Balance at December 31, 2023	Support and Net Investment Return	Released from Restrictions	Balance at December 31, 2024
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	10,234	30,000	(15,234)	25,000
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, 2025 and December 31, 2024:

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

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

	2025		
	Temporary Donor Restrictions	Perpetual Donor Restrictions	Total
Net assets, beginning of year	\$ 4,396,228	\$ 9,684,859	\$ 14,081,087
Support and net investment return	6,220,332	-	6,220,332
Net assets released from restrictions	(1,480,151)	-	(1,480,151)
Net assets, end of year	<u>\$ 9,136,409</u>	<u>\$ 9,684,859</u>	<u>\$ 18,821,268</u>

**THE KOREA SOCIETY**

**Notes to Financial Statements (continued)**  
**December 31, 2025 and December 31, 2024**

**Note 9 – Net assets with donor restrictions (continued)**

	2024		Total
	Temporary Donor Restrictions	Perpetual Donor Restrictions	
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 restrictions	<u>(1,337,633)</u>	<u>-</u>	<u>(1,337,633)</u>
Net assets, end of year	<u>\$ 4,396,228</u>	<u>\$ 9,684,859</u>	<u>\$ 14,081,087</u>

**Note 10 – 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, 2025 and December 31, 2024**

**Note 10 – 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, 2025 and December 31, 2024:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$17,320,910	\$ 17,320,910
Board-designated endowment fund	<u>3,654,421</u>	<u>-</u>	<u>3,654,421</u>
Total	<u>\$ 3,654,421</u>	<u>\$17,320,910</u>	<u>\$ 20,975,331</u>
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$13,806,087	\$ 13,806,087
Board-designated endowment fund	<u>3,420,837</u>	<u>-</u>	<u>3,420,837</u>
Total	<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, 2025 and December 31, 2024**

**Note 10 – Endowment (continued)**

A summary of the transactions in endowment net assets for 2025 and 2024 are as follows:

	2025		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment net assets, beginning of year	<u>\$ 3,420,837</u>	<u>\$13,806,087</u>	<u>\$17,226,924</u>
Investment return			
Interest and dividends	79,276	437,735	517,011
Realized gain	1,092,317	7,004,064	8,096,381
Capital gain distributions on investments	-	80,122	80,122
Unrealized (loss) on investments	<u>(637,106)</u>	<u>(3,062,683)</u>	<u>(3,699,789)</u>
Total investment return	534,487	4,459,238	4,993,725
Less: management and other fees	<u>(4,581)</u>	<u>(31,743)</u>	<u>(36,324)</u>
Net investment return	<u>529,906</u>	<u>4,427,495</u>	<u>4,957,401</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(912,672)</u>	<u>(912,672)</u>
Other changes			
Transfer to Operating fund	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
Transfer to Board- designated endowment fund	<u>3,678</u>	<u>-</u>	<u>3,678</u>
Endowment net assets, end of year	<u>\$ 3,654,421</u>	<u>\$17,320,910</u>	<u>\$20,975,331</u>

**THE KOREA SOCIETY**

**Notes to Financial Statements (continued)**  
**December 31, 2025 and December 31, 2024**

**Note 10 – Endowment (continued)**

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment net assets, beginning of year	\$ 3,066,401	\$ 12,248,459	\$ 15,314,860
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	163,113	1,601,605	1,764,718
Total investment return	327,196	2,390,333	2,717,529
Appropriation of endowment assets for expenditure	-	(832,705)	(832,705)
Other changes			
Transfer to Board-designated endowment fund	27,240	-	27,240
Endowment net assets, end of year	\$ 3,420,837	\$ 13,806,087	\$ 17,226,924

**Note 11 – 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 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.

In 2025, the Society signed a First Amendment to the lease, granting rent-free use for the expansion of the Society's office space through the remainder of the lease term. The fair value of this rent concession has been recorded as a contribution receivable net of a discount to present value and is being amortized to occupancy expense over the life of the agreement.

**THE KOREA SOCIETY**  
**Notes to Financial Statements (continued)**  
**December 31, 2025 and December 31, 2024**

**Note 11 – Lease agreement (continued)**

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>
2026	\$ 827,220
2027	<u>827,220</u>
Total	1,654,440
Add: amount to adjust lease payments (discount rate – 5%)	<u>54,242</u>
Net operating lease liability	<u>\$ 1,708,682</u>

**Note 12 – Contributed nonfinancial assets**

The Society recognizes contributed nonfinancial assets within support and revenue, which includes contributed office space and airline tickets. The contributed office space is subject to an implied time restriction over the life of the lease agreement and the office space is used for the Society’s overall operations. Contributed airline tickets are restricted by donors for use in specific programmatic activities and within specified timeframes. Contributed nonfinancial assets are valued and reported at their estimated fair value based on current market rates for similar real estate and airline tickets.

For the years ended December 31, 2025 and 2024, contributed nonfinancial assets recognized within the statement of activities included the following:

	<u>2025</u>	<u>2024</u>
Office space	\$ 1,426,920	\$ -
Airline tickets	<u>105,100</u>	<u>119,000</u>
Total	<u>\$ 1,532,020</u>	<u>\$ 119,000</u>

**Note 13 – 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 \$90,066 and \$70,906 for the years ended December 31, 2025 and December 31, 2024, respectively. Forfeitures of non-vested contributions are used to reduce the Society’s contributions to the Plan.