

KOREAN WAR VETERANS ASSOCIATION, INC.

REPORT AND FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND 2020

KOREAN WAR VETERANS ASSOCIATION, INC.

TABLE OF CONTENTS

PAGE(S)

INDEPENDENT AUDITOR'S REPORT

1 - 2

EXHIBIT

A STATEMENTS OF FINANCIAL POSITION

3

B STATEMENTS OF ACTIVITIES

4 - 5

C STATEMENTS OF FUNCTIONAL EXPENSES

6 - 7

D STATEMENTS OF CASH FLOWS

8

NOTES TO FINANCIAL STATEMENTS

9 - 14

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Korean War Veterans Association, Inc.

### Opinion

We have audited the accompanying financial statements of the Korean War Veterans Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Korean War Veterans Association, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

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### 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 Korean War Veterans Association, Inc.'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 Korean War Veterans Association, Inc.'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.



Franklin & Vaughn, LLC

St. Louis, Missouri

March 3, 2022



KOREAN WAR VETERANS ASSOCIATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020

	<u>DECEMBER 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS	\$ 52,090	\$ 108,601
INVESTMENTS	<u>927,800</u>	<u>836,837</u>
TOTAL CURRENT ASSETS	<u>979,890</u>	<u>945,438</u>
PROPERTY AND EQUIPMENT, NET	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 979,890</u></u>	<u><u>\$ 945,438</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	<u>\$ 17,690</u>	<u>\$ 16,826</u>
NET ASSETS:		
WITHOUT DONOR RESTRICTIONS	962,200	928,612
WITH DONOR RESTRICTIONS	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>962,200</u>	<u>928,612</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 979,890</u></u>	<u><u>\$ 945,438</u></u>

The accompanying notes are an integral part of the financial statements.

KOREAN WAR VETERANS ASSOCIATION, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (MEMORANDUM ONLY)

	<u>WITHOUT DONOR</u> <u>RESTRICTIONS</u>	<u>WITH DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u> <u>2021</u>	<u>TOTAL</u> <u>(MEMORANDUM ONLY)</u> <u>2020</u>
REVENUES AND GAINS:				
Membership Dues	\$ 113,877	\$ -	\$ 113,877	\$ 127,634
Fundraising	84,688		84,688	69,791
Donations	36,655		36,655	63,394
Advertising Income	3,184		3,184	2,985
Convention Registration	3,795		3,795	-
Dividends, net of Fees	28,740		28,740	26,597
Realized and Unrealized Gains	62,223		62,223	29,566
Interest	19		19	17
Miscellaneous	2,646		2,646	2,218
Total Revenues, Gains, and other Support	<u>335,827</u>	<u>-</u>	<u>335,827</u>	<u>322,202</u>
EXPENSES:				
Program Services	246,668		246,668	261,945
Management and General	27,319		27,319	25,467
Fundraising	28,252		28,252	16,015
Total Expenses	<u>302,239</u>	<u>-</u>	<u>302,239</u>	<u>303,427</u>
CHANGE IN NET ASSETS	33,588	-	33,588	18,775
NET ASSETS, BEGINNING OF YEAR	<u>928,612</u>	<u>-</u>	<u>928,612</u>	<u>909,837</u>
NET ASSETS, END OF YEAR	<u>\$ 962,200</u>	<u>\$ -</u>	<u>\$ 962,200</u>	<u>\$ 928,612</u>

The accompanying notes are an integral part of the financial statements.

KOREAN WAR VETERANS ASSOCIATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>WITHOUT DONOR</u> <u>RESTRICTIONS</u>	<u>WITH DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u> <u>2020</u>
REVENUES AND GAINS:			
Membership Dues	\$ 127,634	\$ -	\$ 127,634
Fundraising	69,791		69,791
Donations	43,394	20,000	63,394
Advertising Income	2,985		2,985
Dividends, net of Fees	26,597		26,597
Realized and Unrealized Gains	29,566		29,566
Interest	17		17
Miscellaneous	2,218		2,218
Net Assets Released from Restrictions	20,000	(20,000)	-
Total Revenues, Gains, and other Support	<u>322,202</u>	<u>-</u>	<u>322,202</u>
EXPENSES:			
Program Services	261,945		261,945
Management and General	25,467		25,467
Fundraising	16,015		16,015
Total Expenses	<u>303,427</u>	<u>-</u>	<u>303,427</u>
CHANGE IN NET ASSETS	18,775	-	18,775
NET ASSETS, BEGINNING OF YEAR	<u>909,837</u>	<u>-</u>	<u>909,837</u>
NET ASSETS, END OF YEAR	<u>\$ 928,612</u>	<u>\$ -</u>	<u>\$ 928,612</u>

The accompanying notes are an integral part of the financial statements.

KOREAN WAR VETERANS ASSOCIATION, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (MEMORANDUM ONLY)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>MANAGEMENT</u> <u>AND</u> <u>GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u> <u>2021</u>	<u>TOTAL</u> <u>(MEMORANDUM ONLY)</u> <u>2020</u>
Bank Charges	\$ -	\$ 2,643	\$ -	\$ 2,643	\$ 3,273
Committees	5,762			5,762	9,097
Contract Labor	27,060		827	27,887	35,301
Donations	5,500			5,500	11,000
Graybeards	113,277			113,277	106,105
Headquarter Expense		8,364		8,364	5,241
Insurance		6,467		6,467	6,193
Meetings & Travel	35,590			35,590	25,553
Membership	6,083			6,083	3,195
Memorials	2,318			2,318	1,330
Other			25,554	25,554	13,604
Postage	8,621		1,871	10,492	10,513
Professional Fees		9,845		9,845	10,760
Scholarships	10,000			10,000	20,000
Telephone	1,057			1,057	1,184
Website	31,400			31,400	41,078
Total Expense	<u>\$ 246,668</u>	<u>\$ 27,319</u>	<u>\$ 28,252</u>	<u>\$ 302,239</u>	<u>\$ 303,427</u>
Percentage	82%	9%	9%	100%	100%

The accompanying notes are an integral part of the financial statements.

KOREAN WAR VETERANS ASSOCIATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>PROGRAM</u> <u>SERVICES</u>	<u>MANAGEMENT</u> <u>AND</u> <u>GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u> <u>2020</u>
Bank Charges	\$ -	\$ 3,273	\$ -	\$ 3,273
Committees	9,097			9,097
Contract Labor	34,870		431	35,301
Donations	11,000			11,000
<i>Graybeards</i>	106,105			106,105
Headquarter Expense		5,241		5,241
Insurance		6,193		6,193
Meetings & Travel	25,553			25,553
Membership	3,195			3,195
Memorials	1,330			1,330
Other	98		13,506	13,604
Postage	8,435		2,078	10,513
Professional Fees		10,760		10,760
Scholarships	20,000			20,000
Telephone	1,184			1,184
Website	41,078			41,078
Total Expense	<u>\$ 261,945</u>	<u>\$ 25,467</u>	<u>\$ 16,015</u>	<u>\$ 303,427</u>
Percentage	86%	8%	5%	100%

The accompanying notes are an integral part of the financial statements.



KOREAN WAR VETERANS ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
	<u>Total</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Receipts from Membership Dues	\$ 113,877	\$ 127,634
Cash Receipts from Fundraising	84,688	69,791
Cash Receipts from Donations	36,655	63,394
Cash Receipts from Advertising Income	3,184	2,985
Cash Receipts from Convention Registration	3,795	-
Other Cash Receipts	2,665	2,235
Cash Payments to Vendors for Program Services	(244,572)	(248,169)
Cash Payments to Vendors for Management and General	(26,551)	(29,727)
Cash Payments to Vendors for Fundraising	(30,252)	(14,015)
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(56,511)</u>	<u>(25,872)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale or Redemption of Investments	<u>-</u>	<u>80,000</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>80,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(56,511)	54,128
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>108,601</u>	<u>54,473</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 52,090</u>	<u>\$ 108,601</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED) BY OPERATING ACTIVITIES:		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 33,588	\$ 18,775
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) By Operating Activities:		
Realized and Unrealized Gains	(62,223)	(29,566)
Dividends, net of Fees	(28,740)	(26,597)
Change in Accounts Payable	864	11,516
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (56,511)</u>	<u>\$ (25,872)</u>

The accompanying notes are an integral part of the financial statements.

KOREAN WAR VETERANS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1. NATURE OF OPERATIONS

The Korean War Veterans Association, Inc. (Association) is a perpetual non-profit corporation issued a Certificate of Incorporation by the State of New York. The purpose of the Association is to organize, promote, and maintain for benevolent and charitable purposes an Association of persons who have seen honorable service within Korea any time beginning September 3, 1945 to present or outside Korea beginning June 25, 1950 to January 31, 1955, and certain other veterans and persons, with the qualifications for membership per the Bylaws. The Association is organized to grant charters to groups at large, provide a means of contact and communication among the members of the Association, and to establish and maintain a national headquarters. The Association promotes the establishment of war and other memorials commemorative of any persons who served in the Korean War and aids needy Association members and their families. The Association is also organized to recognize the achievements of those who served in the armed services of the United States and the United Nations Command during the Korean War era. Through its "Tell America Program", the association conducts programs at the local schools to help today's students understand the true meaning of the freedoms that we all enjoy in this country.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association uses the direct method of reporting net cash flows from operating activities, and considers all cash and checking accounts not held within a brokerage account to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change of net assets. There are no known material unrecorded permanent market value declines in marketable securities.

Property and Equipment

Property and equipment are carried at cost at the date of acquisition if purchased or, if donated, at the approximate fair value at the date of donation. The Association capitalizes acquisitions of property and

KOREAN WAR VETERANS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

equipment in excess of \$500. Lesser amounts are expensed. Depreciation and amortization is computed using the straight-line method over the estimated economic useful lives of the assets (5-7 years).

When property and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recorded in the statement of activities.

Accounting Standards Updates

Financial statement presentation follows the recommendation of FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 includes the standards for the presentation and accompanying disclosures of the financial statements of not-for-profit entities.

The Association also follows the provisions of FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 includes the standards for the measurement and accompanying disclosures required by the Association regarding its revenues.

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions

Net assets whose use by the Association has been limited by donors to a specific time period or purpose. As of December 31, 2021 and 2020, there were no net assets with donor restrictions.

Accrued Compensated Absences

The Association has no full-time employees that are eligible for compensated absences. Accordingly, no accrual was recorded at December 31, 2021 and 2020.

Donated Services

Many volunteers donate significant amounts of their time on an ongoing basis to perform the Association's duties. No amounts have been included in the accompanying statements of activities to value these donated services, as no objective basis is available to measure the value of such services and their inclusion in the financial statements would not provide meaningful information regarding the Association's activities.



KOREAN WAR VETERANS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Expense Recognition

Membership dues are assessed on a yearly basis based on the member's anniversary date. The payment of membership dues by a member to the Association is a nonreciprocal transaction – the primary purpose of the dues is to maintain the legacy of the Association, not to receive material goods or services in exchange for the dues, as there are no goods or services listed in the Association's mission statement. Membership dues and fundraising income are recorded as revenues when payment is received; no performance obligations are incurred in exchange for membership dues or fundraising income.

Donations without and with restrictions, including unconditional promises to give, are recorded as revenues when received. All donations are available for unrestricted use unless specifically restricted by the donor. All other donor-restricted donations are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, due in the next year, are recorded at their net realizable value.

Revenues of the *Graybeards* magazine are from nonmember subscriptions and advertising. Members automatically receive a magazine subscription, but none of the membership dues are allocated to magazine revenues for financial statement purposes as the magazine is available to the public on the Association's website. Advertising income, convention registration income and miscellaneous income are recorded as revenues as each performance obligation in the applicable contracts are satisfied in a timely manner. As of December 31, 2021 and 2020, there were no unsatisfied performance obligations in any revenue contracts included in the accompanying financial statements since all revenue contracts are completed within the same annual reporting period in which they began.

All expenses are recognized when an obligation is incurred. Donations made by the Association are recorded as expenses when paid.

Functional Expenses

The costs of the Association's programs and supporting services have been reported on a functional basis. Allocations of certain costs have been made between the various programs and supporting services based on estimates made by management.

Income Tax Status

The Association is exempt from income taxes under section 501(c)(19) of the Internal Revenue Code per a determination letter dated September 15, 1986. The Association has unrelated business income from the *Graybeards* magazine operations that would be subject to income taxes. However, the magazine incurred a loss for the years ending December 31, 2021 and 2020.

The major taxing jurisdictions applicable to the Association's business affairs, for which tax returns have been filed, remain open and available for audit. Tax examinations are often complex, as tax authorities may disagree with the treatment of items reported by the Association, and such disagreements can take years to resolve. The Association establishes liabilities for possible assessments by taxing authorities for known tax exposures to the extent that a reasonable tax provision can be estimated. The normal statutory period impacting unaudited years is as follows: Federal (US) 2018 - 2021.

KOREAN WAR VETERANS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association had \$979,890 and \$945,438 of financial assets, consisting of \$52,090 and \$108,601 of cash and cash equivalents and \$927,800 and \$836,837 of investments, available as of December 31, 2021 and December 31, 2020, respectively, to meet cash needs within one year for general expenditures, which average far less annually than this total. None of these financial assets are subject to donor restrictions. As part of its liquidity management, the Association invests excess cash and structures its financial assets to be available as general expenditures, liabilities, and other obligations become due.

NOTE 4. INVESTMENTS AND PORTFOLIO INCOME

The fair market value of investments held by the Association at December 31, 2021 and 2020 include:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Cash and Money Market	\$ 15,462	\$ 15,274
Mutual Funds	637,329	590,843
Exchange Traded & Closed End Funds	<u>275,009</u>	<u>230,720</u>
Total Investments	<u>\$ 927,800</u>	<u>\$ 836,837</u>

Total portfolio income for the years ended December 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Dividends	\$ 34,322	\$ 32,086
Realized and Unrealized Gains	<u>62,223</u>	<u>29,566</u>
	<u>\$ 96,545</u>	<u>\$ 61,652</u>

Investment expenses incurred to produce the portfolio income totaled \$5,582 and \$5,489 for the years ended December 31, 2021 and December 31, 2020, respectively.

NOTE 5. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Association has established a three-level valuation of hierarchy for disclosures of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3 - Unobservable inputs

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds: valued at the net asset value of shares held by the plan at year end.

Fixed income and equity securities: valued at the closing price reported in the New York Stock Exchange.

Cash and money market fund: valued at the net asset value of shares held by the plan at year end.



KOREAN WAR VETERANS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 5. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments at fair values as of December 31, 2021 include:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Money Market	\$ 15,462			\$ 15,462
Mutual Funds	637,329			637,329
Exchange Traded & Closed End Funds	275,009			275,009
Total Assets at Fair Value	<u>\$ 927,800</u>			<u>\$ 927,800</u>

Financial instruments at fair values as of December 31, 2020 include:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Money Market	\$ 15,274			\$ 15,274
Mutual Funds	590,843			590,843
Exchange Traded & Closed End Funds	230,720			230,720
Total Assets at Fair Value	<u>\$ 836,837</u>			<u>\$ 836,837</u>

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Property and Equipment	\$ 5,298	\$ 5,298
Less: Accumulated Depreciation and Amortization	<u>(5,298)</u>	<u>(5,298)</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>

Depreciation charged to expense in 2021 and 2020 was \$0 and \$0, respectively.

NOTE 7. CONCENTRATIONS OF CREDIT RISK AND UNCERTAINTIES

The Association maintains cash funds in a financial institution. The account balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021 and 2020 there were no uninsured balances.

Financial instruments that potentially subject the Association to credit risk consist primarily of investments in money market, mutual funds, and exchange traded and closed end funds. Future changes in economic conditions may decrease the value of these investments.

NOTE 8. MEMBERSHIP DUES REVENUE

Veterans who served in Korea during the Korean War have continued to decline in number and the average age of those members is eighty-five plus years. Membership dues revenue for the Association has declined for at least the past ten years. The future success of the Association is dependent upon recruitment of members that have served since the Korean Armistice Agreement signed on July 27, 1953. The Armistice Agreement was designed to “insure a complete cessation of hostilities and of all acts of armed force in Korea until a final peaceful settlement is achieved.” No “final peaceful settlement” has yet been achieved.

KOREAN WAR VETERANS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9. SCHOLARSHIP PROGRAM

During 2020, the Association continued an agreement with a South Korean organization, American Veterans of Korea Foundation (AVKF), to select direct descendants of Korean War Veterans to receive college scholarships. The students must be at least high school seniors planning to attend a college or university who demonstrate an affinity towards the Korean War Veterans, and a desire to learn and understand the legacy of the Korean War Veteran. AVKF funded the scholarships and the Association awarded ten scholarships in the amount of \$2,000 each in 2020.

During 2021, the Association did not receive any funding from the AVKF, and thus used its own funds to award ten scholarships in the amount of \$1,000 each.

NOTE 10. COVID-19 EFFECT

In January 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and the risks to the international community as the virus spreads globally beyond its origin point. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in global transmission of the virus.

The full impact of COVID-19 continues to evolve as of March 3, 2022, the date the financial statements were available to be issued. The full magnitude that the pandemic will ultimately have on the Association’s financial condition, liquidity, and results of operations cannot be determined with any certainty, and no adjustments have been made in the accompanying financial statements. The Association believes that the stability and singular focus of its membership base will allow it to minimize any future negative effects caused by COVID-19. The Association will also continue to fulfill its stated mission to the extent possible during the course of the pandemic and has begun to resume any restricted, delayed or postponed events or operations as soon as practical in the circumstances.

NOTE 11. SUBSEQUENT EVENTS

The Association has evaluated subsequent events occurring between December 31, 2021 and March 3, 2022, the date the financial statements were available to be issued. All subsequent events requiring disclosure and recognition as of March 3, 2022 have been incorporated into these financial statements.