

**Kyoung's Pacific Beat, Inc.**  
**(a Not-for-Profit Corporation)**  
**Financial Statements**  
**June 30, 2022**

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**Independent Accountant's Review Report**

To the Board of Directors of  
Kyoung's Pacific Beat, Inc.  
(a Not-for-Profit Corporation)

We have reviewed the accompanying financial statements of Kyoung's Pacific Beat, Inc. (a Not-for-Profit-Corporation) which comprise the statement of financial position as of June 30, 2022 the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Kyoung's Pacific Beat, Inc. (a Not-for-Profit Corporation) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We previously reviewed Kyoung's Pacific Beat, Inc. (a Not-for-Profit Corporation)'s 2021 financial statements and in our conclusion dated December 8, 2021, stated that based on our review, we are not aware of any material modifications that should be made to the 2021 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2021, for it to be consistent with the reviewed financial statements from which it has been derived.

March 20, 2023

A handwritten signature in blue ink, appearing to read 'Eisenkraft', is written over a blue horizontal line.

**Kyoung's Pacific Beat, Inc.**  
**(a Not-for-Profit Corporation)**  
**Statement of Financial Position**  
**June 30, 2022**  
**(With Summarized Financial Information for 2021)**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 148,709	\$ 153,579
Grants and pledges receivable	178,098	88,500
Prepaid expenses	3,366	-
Security deposits	15,222	-
Total Current Assets	345,395	242,079
 Total Assets	 \$ 345,395	 \$ 242,079
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 7,642	\$ 4,000
Deferred revenue	34,983	-
Total Current Liabilities	42,625	4,000
 Net Assets		
Without donor restrictions	200,926	154,579
With donor restrictions	101,844	83,500
Total Net Assets	302,770	238,079
 Total Liabilities and Net Assets	 \$ 345,395	 \$ 242,079

See independent accountant's review report and accompanying notes to the financial statements.

**Kyoung's Pacific Beat, Inc.**  
**(a Not-for-Profit Corporation)**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**  
**(With Summarized Financial Information for 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total <u>2022</u>	<u>2021</u>
<b>Support and Revenue</b>				
Contributions	\$ 122,482	\$ 125,000	\$ 247,482	\$ 275,822
Government grants	18,563	-	18,563	-
	<u>141,045</u>	<u>125,000</u>	<u>266,045</u>	<u>275,822</u>
Net assets released from restrictions	106,656	(106,656)	-	-
	<u>247,701</u>	<u>18,344</u>	<u>266,045</u>	<u>-</u>
Consulting services and other income	31,327	-	31,327	-
	<u>31,327</u>	<u>-</u>	<u>31,327</u>	<u>-</u>
<b>Total Support and Revenue</b>	<u><u>279,028</u></u>	<u><u>18,344</u></u>	<u><u>297,372</u></u>	<u><u>275,822</u></u>
<b>Expenses</b>				
Program services	<u>165,558</u>	<u>-</u>	<u>165,558</u>	<u>165,558</u>
Supporting services:				
General and administrative	61,044	-	61,044	61,044
Fund-raising	6,079	-	6,079	6,079
Total Supporting services	<u>67,123</u>	<u>-</u>	<u>67,123</u>	<u>67,123</u>
<b>Total Expenses</b>	<u><u>232,681</u></u>	<u><u>-</u></u>	<u><u>232,681</u></u>	<u><u>37,743</u></u>
Change in Net Assets	46,347	18,344	64,691	238,079
Net Assets, beginning of year	154,579	83,500	238,079	-
Net Assets, end of year	<u><u>\$ 200,926</u></u>	<u><u>\$ 101,844</u></u>	<u><u>\$ 302,770</u></u>	<u><u>\$ 238,079</u></u>

See independent accountant's review report and accompanying notes to the financial statements.

**Kyoung's Pacific Beat, Inc.**  
**Statement of Functional Expenses**  
**(a Not-for-Profit Corporation)**  
**Year Ended June 30, 2022**  
**(With Summarized Financial Information for 2021)**

	<u>Supporting Services</u>		<u>Total</u> <u>2022</u>	<u>2021</u>
	<u>Program Services</u>	<u>General and Administrative</u>		
Salaries and wages	\$ 31,800	\$ 3,975	\$ 39,750	-
Employee benefits and payroll taxes	8,527	1,066	10,659	-
Artist and technician fees	109,199	-	109,199	-
Professional fees	5,150	51,100	56,250	34,054
Office and other expenses	7,399	925	9,249	799
Insurance	-	3,865	3,865	-
Production expenses	1,498	-	1,498	2,890
Advertising and promotion	902	113	1,128	-
Props and sets	1,083	-	1,083	-
<b>Total Expenses</b>	<b>\$ 165,558</b>	<b>\$ 61,044</b>	<b>\$ 232,681</b>	<b>\$ 37,743</b>

See independent accountant's review report and accompanying notes to the financial statements.

**Kyoung's Pacific Beat, Inc.**  
**(a Not-for-Profit Corporation)**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2022**  
**(With Summarized Financial Information for 2021)**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 64,691	\$ 238,079
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Increase in operating assets:		
Grants and pledges receivable	(89,598)	(88,500)
Prepaid expenses	(3,366)	-
Security deposits	(15,222)	-
Increase in operating liabilities:		
Accounts payable	3,642	4,000
Deferred revenue	34,983	-
Net cash provided by (used in) operating activities	<u>(4,870)</u>	<u>153,579</u>
Net Increase (decrease) in Cash	(4,870)	153,579
Cash, beginning of year	153,579	-
Cash, end of year	<u>\$ 148,709</u>	<u>\$ 153,579</u>

See independent accountant's review report and accompanying notes to the financial statements.

**Kyoung's Pacific Beat, Inc.**  
**(a Not-for-Profit Corporation)**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities

Kyoung's Pacific Beat, Inc. (a Not-for-Profit Corporation) (the Organization), is a 501(c)(3) not-for-profit organization established in 2021. It is a peacemaking theater collective dedicated to working with artists, non-artists, and local communities to transform experiences of oppression into peace messages through public performance. The organization devises work with an interdisciplinary and multicultural ensemble of artists - our Mondragons - to uplift communities of color to create a culture of peace through non-violent practices that provide social cohesion, spiritual healing, and radical knowledge.

The Organization was incorporated in the State of New York in 2021.

Basis of Accounting

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

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and donor restricted net assets.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors. Donor restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as without donor restrictions.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash consists of demand deposit accounts held at major financial institutions and may at times exceed the insurable amount. Management believes it mitigates its risk by investing in a major financial institution and in funds that are currently U.S. federal government insured. Recoverability of investments is dependent upon the performance of the issuer.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less when purchased to be cash equivalents.

See independent accountant's review report.



**Kyoung's Pacific Beat, Inc.**  
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**Notes to Financial Statements**  
**June 30, 2022**

**Note 1 - (Continued)**

Revenue Recognition

*Contribution Revenue*

Contribution revenue is recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the same reporting period in which the Contribution revenue is recognized. All other donor restricted contributions are reported as increases in donor restricted net assets. When a restriction expires donor restricted net assets are reclassified to net assets without donor restrictions.

*Revenue from Contracts with Customers*

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services.

The Organization provides consulting services to organize working groups. Performance obligations are satisfied and the related revenue is recognized upon completion and delivery of the contract specified services.

Grants and Pledges Receivable

Unconditional promises to give are recognized in the period received both as revenues or gains and as assets, decreases of liabilities, or expenses, depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. For the period ended June 30, 2022 the allowance for doubtful accounts was \$0.

All grants and pledges receivable are expected to be received within the current operating cycle of one year.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been provided for in the accompanying financial statements.

Advertising costs

Advertising costs are expensed when the advertisement takes place. The amount of advertising costs charged to operations for the year ended June 30, 2022 was \$1,128, and was included in advertising and promotion on the statement of functional expenses.

See independent accountant's review report.

**Kyoung's Pacific Beat, Inc.**  
**(a Not-for-Profit Corporation)**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 1 - (Continued)**

Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the statement of activities. Certain expenses have been classified based on direct expenditures, other cost were allocated based on estimates made by management such as time spent, quantities of items consumed and the proportion of physical space used.

Concentrations

Approximately 60% of grants and pledges receivable was due from one organization on June 30, 2022.

Gifts In-Kind - Services

Unpaid volunteers contribute their time to the Organization. The value of that time is not included in these statements as those services did not meet the requirements of GAAP for recognition and no cash was expended for those services.

Accounting Pronouncements Adopted in the Current Year

*Gifts In-Kind*

In September 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also know as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Organization adopted and implemented this pronouncement on July 1, 2021 using the prospective method of application. The adoption of ASU 2020-07 resulted in no material changes to the organization's financial statements.

Recent Accounting Pronouncements Issued Not Yet Effective

*Leases*

In February 2016, the FASB issued the accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), which requires the recognition of a "right of use" assets and a lease liability, initially measured at the present value of the lease payments, on all of the Organization's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. Management does not expect this ASU to have a significant impact on the organization's financial statements.

**Note 2 - COVID-19**

In March 2020, the COVID-19 virus was declared a global pandemic as it continued to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, was severely impacted for months and may continue to impact the economy. Management is carefully monitoring the situation and evaluating its options during this time. No adjustment have been made to these financial statements as a result of this uncertainty.

See independent accountant's review report.

**Kyoung's Pacific Beat, Inc.**  
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**Notes to Financial Statements**  
**June 30, 2022**

**Note 3 - Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 20, 2023 the date the financial statements were available to be issued.

**Note 4 - Government Grants**

During the year ended June 30, 2022 the Organization applied for the Employee Retention Credit under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The Organization was granted a payroll tax credit of \$13,653, and accounted for it as government grant revenue.

**Note 5 - Deferred Revenue**

Deferred revenue represents income for the year ending June 30, 2023 that was received during the year ended June 30, 2022.

**Note 6 - Net Assets With Donor Restrictions**

Net assets with donor restrictions by revenue source and changes therein for the period ended June 30, 2021, were as follows:

	<b>Balance June 30, <u>2021</u></b>	<b><u>Additions</u></b>	<b>Release From <u>Restrictions</u></b>	<b>Balance June 30, <u>2022</u></b>
<b><u>Restricted as to purpose:</u></b>				
Nero Project	\$ -	\$ 65,000	\$ -	\$ 65,000
Producing director	-	50,000	18,156	31,844
<b><u>Restricted as to time:</u></b>				
July 1, 2021 to June 30, 2022	83,500	-	83,500	-
July 1, 2021 to June 30, 2023	-	10,000	5,000	5,000
	<u>\$ 83,500</u>	<u>\$ 125,000</u>	<u>\$ 106,656</u>	<u>\$ 101,844</u>

See independent accountant's review report.

**Kyoung's Pacific Beat, Inc.**  
**(a Not-for-Profit Corporation)**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 7 – Liquidity and Availability of Financial Assets**

The Organization's financial assets available for the general expenditure, that is without donor or other restrictions limiting their use within one year compromise the following as of the balance sheet date:

Cash	\$ 148,709
Grants and pledges receivable	<u>178,098</u>
Total financial assets	<u>326,807</u>
Less: Net assets restricted as to purpose	<u>( 96,844)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 229,963</u>

The Organization's working capital and cash flows have seasonal variations during the year attributable to the timing of program and fundraising activities. Monthly cash outflows vary each year based on the specific requirements of the program activities. To manage liquidity the Organization budgets cash flow and conducts fundraising and program activities that are timed according to expected requirements.

See independent accountant's review report.