

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio
FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2020
With Prior Year Comparative Information
And Independent Auditor's Report



CW Associates
A Hawaii Certified Public Accounting Corporation



INDEPENDENT AUDITOR'S REPORT

Kekahu Foundation, Inc., *dba Kauai Community Radio*:

Report on the Financial Statements

We have audited the accompanying financial statements of Kekahu Foundation, Inc., (Foundation), *dba Kauai Community Radio*, a nonprofit Hawaii corporation, which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to an entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A to the financial statements, during the year ended September 30, 2020, the Foundation adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Our opinion is not modified with respect to this matter.

Report on Prior Year Comparative Information

We have previously audited the financial statements of the Foundation as of and for the year ended September 30, 2019, and we expressed an unmodified opinion on those audited financial statements in our report dated December 18, 2019. In our opinion, the accompanying prior year comparative information presented herein is consistent, in all material respects, with the audited financial statements from which it has been derived.

CW ASSOCIATES, CPAs

Honolulu, Hawaii
March 10, 2021

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

STATEMENT OF FINANCIAL POSITION

As of September 30, 2020
(With Prior Year Comparative Information)

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash (including interest-bearing accounts)	\$ 116,262	\$ 115,986
Accounts receivable – net	2,406	2,679
Prepaid expenses and other current assets	14,548	9,204
Total current assets	<u>133,216</u>	<u>127,869</u>
NONCURRENT ASSETS		
Certificate of deposit	70,000	-
Property and equipment – net	119,259	140,882
Deposits	700	700
Total noncurrent assets	<u>189,959</u>	<u>141,582</u>
TOTAL ASSETS	<u>\$323,175</u>	<u>\$269,451</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Deferred revenue	\$ -	\$ 7,830
SBA PPP loan – current	21,400	-
Total current liabilities	<u>21,400</u>	<u>7,830</u>
 SBA PPP LOAN – Noncurrent	<u>13,715</u>	<u>-</u>
TOTAL LIABILITIES	<u>35,115</u>	<u>7,830</u>
 NET ASSETS		
Net assets without donor restrictions	288,060	261,621
Total net assets	<u>288,060</u>	<u>261,621</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$323,175</u>	<u>\$269,451</u>

See accompanying notes to the financial statements.

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020
(With Prior Year Comparative Information)

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and support		
CPB grants	\$ 192,279	\$ 64,483
Membership	92,298	133,438
Underwriting	79,943	84,512
Contributions without donor restrictions	20,056	20,139
In-kind donations	22,234	15,740
Interest and other income	890	4,759
Total revenue and support	<u>407,700</u>	<u>323,071</u>
Expenses		
Program services	311,143	272,415
Fundraising and development	38,561	53,402
Management and general	31,557	33,545
Total expenses	<u>381,261</u>	<u>359,362</u>
Increase (decrease) in net assets without donor restrictions	<u>26,439</u>	<u>(36,291)</u>
 INCREASE (DECREASE) IN NET ASSETS	 26,439	 (36,291)
 NET ASSETS – Beginning of the year	 <u>261,621</u>	 <u>297,912</u>
 NET ASSETS – Ending of the year	 <u>\$288,060</u>	 <u>\$261,621</u>

See accompanying notes to the financial statements.

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2020
(With Prior Year Comparative Information)

	<u>Program Services</u>	<u>Fundraising and Development</u>	<u>Management and General</u>	<u>2020 Total</u>	<u>2019 Total</u>
Salaries and wages	\$120,685	\$14,957	\$11,003	\$146,645	\$145,940
Rent	29,293	3,630	2,671	35,594	28,775
Professional services	31,193	3,866	2,844	37,903	19,805
Depreciation	20,545	2,546	1,873	24,964	22,977
Utilities	17,518	2,171	1,597	21,286	28,431
Employee benefits	16,296	2,020	1,486	19,802	18,737
Repairs and maintenance	15,687	1,944	1,430	19,061	10,629
Payroll taxes	11,853	1,469	1,081	14,403	13,741
Program support	12,518	1,551	1,141	15,210	10,264
Insurance	9,776	1,212	891	11,879	12,312
Equipment rental	5,547	687	506	6,740	6,740
Telephone and internet	5,157	639	470	6,266	5,718
Events	-	-	-	-	4,951
Dues and subscriptions	3,366	417	307	4,090	3,775
Bank and merchant fees	3,008	373	274	3,655	4,022
Office	2,652	329	241	3,222	9,390
Bad debts	-	-	3,190	3,190	2,300
Membership supplies	2,197	272	200	2,669	6,762
Postage and delivery	1,860	231	170	2,261	1,943
Webcasting	1,656	205	151	2,012	2,119
Board meetings	274	34	25	333	31
Convention	62	8	6	76	-
Total expenses	<u>\$311,143</u>	<u>\$38,561</u>	<u>\$31,557</u>	<u>\$381,261</u>	<u>\$359,362</u>

See accompanying notes to the financial statements.

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2020
(With Prior Year Comparative Information)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 26,439	\$ (36,291)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
In-kind donation of property and equipment	-	(9,000)
Depreciation	24,964	22,977
(Increase) decrease in		
Accounts receivable – net	273	971
Prepaid expenses and other current assets	(5,344)	9,737
Increase (decrease) in		
Accounts payable	-	(2,090)
Deferred revenue	<u>(7,830)</u>	<u>7,830</u>
Net cash provided (used) by operating activities	<u>38,502</u>	<u>(5,866)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(3,341)	(40,638)
Increase in deposits	-	(400)
Net cash used by investing activities	<u>(3,341)</u>	<u>(41,038)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to SBA PPP loan	<u>35,115</u>	-
Net cash provided by financing activities	<u>35,115</u>	-
NET INCREASE (DECREASE) IN CASH AND CERTIFICATE OF DEPOSIT	70,276	(46,904)
CASH AND CERTIFICATE OF DEPOSIT – Beginning of the year	<u>115,986</u>	<u>162,890</u>
CASH AND CERTIFICATE OF DEPOSIT – Ending of the year	<u>\$ 186,262</u>	<u>\$ 115,986</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Noncash operating and investing activities – in-kind donation of property and equipment	\$ -	\$ 9,000

See accompanying notes to the financial statements.

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity

Kekahu Foundation, Inc., (Foundation), *dba Kauai Community Radio*, was incorporated in the State of Hawaii on April 12, 1994 to instruct and disseminate educational and cultural material in the public interest through a community radio station and other means. The radio station and all operations are conducted from facilities in Hanalei, Hawaii. Broadcasting is on the following frequencies: 90.9 FM North Shore Kaua‘i (KKCR Hanalei – transmitter in Princeville), 91.9 FM Kīlauea to Kekaha (KAQA -Kīlauea – transmitters in Kīlauea and Mt. Kāhili), 92.7 FM (K224CQ - Anahola - transmitter in Moloa‘a) and 88.9 FM Honolulu, O‘ahu (K205FM Honolulu -transmitter on Mauna Kapu, Oahu). The broadcast is also streamed from the website www.kkcr.org.

In the wake of Hurricane Iniki in 1992, community members in Hanalei, Hawaii gathered to develop a plan to stay connected, informed, and safe. Their brainchild was *Kauai Community Radio*, an organization committed to providing relevant, accurate, and timely information during times of crisis. It is also dedicated to representing the unique character of the island community. The Kauai Island program schedule includes vintage and contemporary Hawaiian music, jazz, blues, alternative, reggae, world, classical, and rock music. “Kauai Live” features in-studio performances from local and visiting artists. Public affairs programming includes weekly call-in talk shows, a Hawaiian entertainment calendar, a community calendar, and an arts and entertainment calendar. Special interest programs include gardening, island pets, health and wellness, and teen radio.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions consist of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and board of directors.

Net Assets with Donor Restrictions consist of 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 Foundation or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. (None in 2020 and 2019).

The accompanying financial statements include certain prior year comparative information that is not in sufficient detail to constitute a complete presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with the financial statements of the Foundation as of and for the year ended September 30, 2019, from which the information was derived. Certain amounts in the prior year comparative information have been reclassified to conform to the current year presentation.

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates, it is reasonably possible that such estimates may change within the near term, and that such differences could be material to the financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to credit risk include cash and accounts receivable. At September 30, 2020 and 2019, the Foundation's cash on deposit was fully insured by federal deposit insurance. Accounts receivable, which have been reduced by estimated allowances for doubtful accounts of approximately \$1,400 at September 30, 2020 and 2019, are determined to be collectible or uncollectible based on an assessment by management of the facts and circumstances, including historical experience, an assessment of economic conditions, and a review of subsequent collections, related to the individual accounts.

Cash and Certificate of Deposit

The Foundation considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. Certificates of deposit with an original maturity date of one year or more are considered to be noncurrent assets.

Property and Equipment

Property and equipment is stated at cost or, if donated, at estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the shorter of the lease term or estimated useful lives of three to 10 years for leasehold improvements and three to 10 years for broadcast equipment. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Repairs and maintenance are expensed as incurred. Additions over \$200 are capitalized.

In September 2016, the Foundation entered into an agreement with Cedar Cove Broadcasting (CCB) to exchange FCC licenses and assets used in connection with the operating of FCC licenses. The parties to the agreement are currently using the exchanged frequencies on a temporary basis pending final approval by the FCC. The exchange is expected to be recognized at the carrying value of the exchanged licenses and assets because it lacks commercial substance as defined by U.S. GAAP.

KEKAHU FOUNDATION, INC.,
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue, Support, and Expense Recognition

Revenue is recognized when the goods or services are provided to the customer. Amounts received prior to the provision of the services are reported as deferred revenue in the statement of financial position. Expenses, including advertising expenses, are recorded when the related liability is incurred. The Foundation allocates its expenses on a functional basis among its various programs and supporting services based on estimates of management. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service using natural expense classifications. Other expenses that are common to several functions are allocated by various bases including the percentage of time spent by the Foundation's personnel.

Grants and Contracts

The Foundation's revenue from grants and contracts is based on agreements with CPB and other entities such as private foundations. The Foundation recognizes grants and contracts as either contributions or exchange transactions depending on whether the transaction is reciprocal or nonreciprocal. The Foundation's grant with CPB is a cost-reimbursable grant, which is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures (including expenditures for property and equipment, which are capitalized and depreciated for financial reporting purposes). Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with the grant provisions. Amounts received prior to incurring the qualifying expenses are reported as refundable advances in the statement of financial position (none in 2020 or 2019). Qualifying expenditures that have been incurred or services performed, but for which reimbursement has not yet been received, are reported in the statement of financial positions as grants and contracts receivable (none in 2020 or 2019). Amounts received from such grants and contracts for which the conditions and any restrictions are met in the same reporting period are reported as revenue in net assets without donor restrictions.

Donor Contributions

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any time or purpose donor restrictions. Support is reported when pledged and is considered to be available for unrestricted use unless restricted by the donor. Donor restricted support is reported when pledged as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a time or purpose restriction expires or is satisfied, net assets with donor restrictions are released to net asset with donor restrictions.

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services

In-kind contributions of goods and services that meet the criteria for recognition are recognized as contributions at the estimated fair market value at the date of donation, and are recorded as expenses or assets in the same amount. In-kind donations of goods and services amounted to \$22,234 and \$15,740 for the years ended September 30, 2020 and 2019, respectively. Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills that are performed by people with those skills and would otherwise be purchased by the Foundation. For each of the years ended September 30, 2020 and 2019, underwriting services were \$6,740. A number of unpaid volunteers have also made contributions of their time to the Foundation. The value of their time is not reflected in these financial statements because it does not meet the criteria for recognition.

Hawaii General Excise Tax

The State of Hawaii imposes a general excise tax of 4% on gross receipts within Hawaii, plus an additional 0.5% tax on such gross receipts within the County of Kauai from January 1, 2019. The gross receipts of the Foundation for the years ended September 30, 2020 and 2019 were exempt from Hawaii general excise tax.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, qualifying contributions to the Foundation are tax deductible.

U.S. GAAP requires uncertain tax positions to be recognized in the financial statements if they are more likely than not to fail upon regulatory examination. Management has evaluated the Foundation's tax positions as of and for the years ended September 30, 2020 and 2019, and determined that the Foundation had no uncertain tax positions required to be reported in accordance with U.S. GAAP. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods.

Adoption of New Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a framework for determining when a transaction should be accounted for as a contribution or as an exchange transaction. This ASU also requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The Foundation implemented this ASU during the year ended September 30, 2020 using the modified prospective transition method. The cumulative effect of implementing this ASU was not significant to the Foundation's financial statements as of October 1, 2019 and for the year ended September 30, 2020.

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Pronouncements (Continued)

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU requires that the statement of cash flows includes all cash and cash equivalents, whether the cash is unrestricted or restricted. The implementation of this ASU did not have an impact on the Foundation's financial statements as of and for the year ended September 30, 2020.

NOTE B – LIQUIDITY

The Foundation monitors the financial assets needed for its operating needs and contractual commitments. The Foundation has various sources of liquidity available for its use including cash and accounts receivables. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation anticipates collecting sufficient revenues to cover general operating expenditures.

The Foundation's financial assets and the amounts of those assets that are readily available within one year of the statement of financial position date to meet general expenditures amounted to the following:

	<u>2020</u>	<u>2019</u>
Cash (including interest-bearing accounts)	\$ 116,262	\$ 115,986
Accounts receivable – net	<u>2,406</u>	<u>2,679</u>
Total financial assets	118,668	118,665
Net assets with donor restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 118,668</u>	<u>\$ 118,665</u>

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020
(With Prior Year Comparative Information)

NOTE C – PROPERTY AND EQUIPMENT

At September 30, 2020 and 2019, property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 40,238	\$ 40,238
Broadcast equipment	506,080	502,739
Total property and equipment	<u>546,318</u>	<u>542,977</u>
Accumulated depreciation	<u>(427,059)</u>	<u>(402,095)</u>
 Property and equipment – net	 <u>\$119,259</u>	 <u>\$140,882</u>

NOTE D – LEASES

The Foundation leases land and studio space in Princeville on the Island of Kauai under an operating lease agreement with SOF-XI Kauai PV Golf, LP dba Princeville Makai Golf Club expiring in March 2029 and has a Co-Location Agreement with Mauna Towers at the Kalepa Ridge Tower Site in Hanamaulu on the Island of Kauai expiring in June 2027. In addition, the Foundation has a Co-Location Agreement with Mauna Towers of Hawai‘i at Mauna Kapu on the Island of O‘ahu (K205FM) expiring in March 2024. Rent expense for the years ended September 30, 2020 and 2019 amounted to \$35,594 and \$28,775, respectively.

At September 30, 2020, future minimum lease payments were expected to approximate the following:

Years Ending September 30th	
2021	\$ 35,200
2022	36,700
2023	38,300
2024	36,600
2025	35,800
Thereafter	127,600

NOTE E – SBA PPP LOAN AND COVID-RELATED FUNDING

In May 2020, the Foundation applied for and received a \$35,115 Paycheck Protection Program (PPP) loan from Bank of Hawaii. The U.S. Small Business Administration (SBA) established the PPP loan program in response to the COVID-19 pandemic to fund an entity’s payroll and other applicable costs. All or a portion of the loan, which matures two years from the date of funding and bears interest at 1%, may be forgiven if the Foundation meets the compliance requirements established by the SBA and other federal agencies. At September 30, 2020, the PPP loan balance outstanding was \$35,115.

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020
(With Prior Year Comparative Information)

NOTE E – SBA PPP LOAN AND COVID-RELATED FUNDING (Continued)

During the year ended September 30, 2020, the Foundation received \$4,000 from an Economic Injury Disaster Loan (EIDL) Advance. The EIDL Advance was based on \$1,000 per employee and does not need to be repaid. During the year ended September 30, 2020, the Foundation also received \$7,500 from the Kauai Small Business Boost Grant program. The funds from the grant can be used at the discretion of the small business to cover business costs.

NOTE F – CONTINGENCIES

The Foundation may be subject to legal proceedings, claims, or litigation arising in the ordinary course of business for which it seeks the advice of legal counsel. Management estimates that the cost to resolve these matters, if any, would not be material to the financial statements. However, it is reasonably possible that such estimates may change within the near term.

Revenue derived from grants from CPB grants may be subject to audit and adjustment by CPB. Any disallowed amounts, including amounts already collected, may constitute a liability. Management expects such amounts, if any, would not be material to the financial statements. The loss of grant revenue from CPB could have an adverse effect on the Foundation.

The Foundation operates in the State of Hawaii. Local, national, and international events (such as the COVID-19 pandemic) can have severe, adverse effects on economic conditions in Hawaii. These financial statements do not include the adjustments that would result if the Foundation were to account for future losses or asset impairments, as the effects on the financial statements of the Foundation from such changes in economic conditions are not presently determinable.

The COVID-19 pandemic has caused business disruptions from government-mandated and voluntary closings or reductions in services for all industries. While the disruption is currently expected to be temporary, there is considerable uncertainty as to the duration of the economic impact from such disruption. The Foundation expects that this matter will continue to impact its operating results; however, the related financial impact cannot be reasonably estimated at this time.

KEKAHU FOUNDATION, INC.,
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020
(With Prior Year Comparative Information)

NOTE G – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 10, 2021, which is the date the financial statements were available to be issued, and determined that the Foundation did not have any subsequent events requiring adjustment to the financial statements or disclosure in the notes to the financial statements, except as noted below.

The federal Consolidated Appropriations Act, 2021 was enacted on December 27, 2020 and provides for a second PPP loan and additional federal relief for entities that continue to be impacted by the COVID-19 pandemic. The Foundation submitted an application for a second PPP loan in the amount of \$29,646, and is awaiting approval of this loan.
