

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

**As of and for the Year Ended September 30, 2021
(With Prior Year Comparative Information)**



CW Associates
A Hawaii Certified Public Accounting Corporation



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, 2021, 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, 2021, 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, 2021, the Foundation adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). 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, 2020, and we expressed an unmodified opinion on those audited financial statements in our report dated March 10, 2021. 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 16, 2022

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

STATEMENT OF FINANCIAL POSITION

As of September 30, 2021
(With Prior Year Comparative Information)

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash (including interest-bearing accounts)	\$330,972	\$116,262
Accounts receivable – net	680	2,406
Prepaid expenses and other current assets	12,374	14,548
Total current assets	<u>344,026</u>	<u>133,216</u>
NONCURRENT ASSETS		
Certificate of deposit	-	70,000
Property and equipment – net	116,678	119,259
Deposits	700	700
Total noncurrent assets	<u>117,378</u>	<u>189,959</u>
TOTAL ASSETS	<u>\$461,404</u>	<u>\$323,175</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,722	\$ -
Deferred revenue	4,044	-
SBA PPP loans – current	-	21,400
Total current liabilities	<u>7,766</u>	<u>21,400</u>
SBA PPP LOANS – Noncurrent	<u>-</u>	<u>13,715</u>
TOTAL LIABILITIES	<u>7,766</u>	<u>35,115</u>
NET ASSETS		
Net assets without donor restrictions	453,638	288,060
Total net assets	<u>453,638</u>	<u>288,060</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$461,404</u>	<u>\$323,175</u>

See accompanying notes to the financial statements.

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021
(With Prior Year Comparative Information)

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and support		
CPB grants	\$244,822	\$ 192,279
Membership dues	116,728	92,298
Gain on forgiveness of SBA PPP loans	64,760	-
Underwriting	61,880	79,943
Contributions and grants without donor restrictions	31,466	20,056
In-kind donations	16,935	22,234
Interest and other income	1,237	890
Total revenue and support	<u>537,828</u>	<u>407,700</u>
Expenses		
Program services	302,340	311,143
Fundraising and development	39,846	38,561
Management and general	30,064	31,557
Total expenses	<u>372,250</u>	<u>381,261</u>
Increase in net assets without donor restrictions	<u>165,578</u>	<u>26,439</u>
 INCREASE IN NET ASSETS	 165,578	 26,439
NET ASSETS – Beginning of the year	<u>288,060</u>	<u>261,621</u>
NET ASSETS – Ending of the year	<u>\$453,638</u>	<u>\$288,060</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, 2021
(With Prior Year Comparative Information)

	<u>Program Services</u>	<u>Fundraising and Development</u>	<u>Management and General</u>	<u>2021 Total</u>	<u>2020 Total</u>
Salaries and wages	\$117,375	\$15,469	\$11,496	\$144,340	\$146,645
Professional services	33,859	4,462	3,316	41,637	37,903
Rent	30,021	3,956	2,940	36,917	35,594
Utilities	19,277	2,540	1,888	23,705	21,286
Depreciation	19,226	2,534	1,883	23,643	24,964
Employee benefits	15,992	2,108	1,566	19,666	19,802
Program support	11,794	1,554	1,155	14,503	15,210
Payroll taxes	11,770	1,551	1,153	14,474	14,403
Insurance	11,510	1,517	1,127	14,154	11,879
Membership supplies	6,327	834	620	7,781	2,669
Repairs and maintenance	5,820	767	570	7,157	19,061
Telephone and internet	5,172	682	507	6,361	6,266
Office	4,005	528	392	4,925	3,222
Dues and subscriptions	3,069	405	301	3,775	4,090
Bank and merchant fees	3,039	400	298	3,737	3,655
Postage and delivery	1,838	242	180	2,260	2,261
Webcasting	1,138	150	111	1,399	2,012
Equipment rental	975	129	96	1,200	6,740
Bad debts	-	-	452	452	3,190
Board meetings	133	18	13	164	333
Convention	-	-	-	-	76
Total expenses	<u>\$302,340</u>	<u>\$39,846</u>	<u>\$30,064</u>	<u>\$372,250</u>	<u>\$381,261</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, 2021
(With Prior Year Comparative Information)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 165,578	\$ 26,439
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Gain on forgiveness of SBA PPP loans	(64,760)	-
Depreciation	23,643	24,964
(Increase) decrease in		
Accounts receivable – net	1,726	273
Prepaid expenses and other current assets	2,174	(5,344)
Increase (decrease) in		
Accounts payable	3,722	-
Deferred revenue	4,044	(7,830)
Net cash provided by operating activities	<u>136,127</u>	<u>38,502</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	<u>(21,062)</u>	<u>(3,341)</u>
Net cash used by investing activities	<u>(21,062)</u>	<u>(3,341)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to SBA PPP loans	<u>29,645</u>	<u>35,115</u>
Net cash provided by financing activities	<u>29,645</u>	<u>35,115</u>
NET INCREASE IN CASH AND CERTIFICATE OF DEPOSIT	144,710	70,276
CASH AND CERTIFICATE OF DEPOSIT – Beginning of the year	<u>186,262</u>	<u>115,986</u>
CASH AND CERTIFICATE OF DEPOSIT – Ending of the year	<u><u>\$330,972</u></u>	<u><u>\$186,262</u></u>

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, 2021
(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 2021 and 2020).

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, 2020, from which the information was derived.

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021
(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 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. Cash on deposit with financial institutions exceeded the related federal deposit insurance by approximately \$17,300 and \$0 at September 30, 2021 and 2020, respectively. Management evaluates the credit standings of these financial institutions to ensure that such deposits are adequately safeguarded as required by federal regulations. Accounts receivable, which have been reduced by estimated allowances for doubtful accounts of approximately \$0 and \$1,400 at September 30, 2021 and 2020, respectively, are determined to be collectible or uncollectible based on an assessment by management of the facts and circumstances related to the individual accounts, including historical experience, an assessment of economic conditions, and a review of subsequent collections.

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. Expenditures for property and equipment over \$200 are capitalized.

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

For the Year Ended September 30, 2021
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expense Recognition

Revenue is recognized when the goods or services are provided to the customer. Revenue from performance obligations satisfied over time include underwriting revenue of \$61,880 and \$79,943 for the years ended September 30, 2021 and 2020, respectively. Revenue from sources other than performance obligations consists of gain on forgiveness of SBA PPP loans of \$64,760 and \$0, and interest and other income of \$1,237 and \$890 for the years ended September 30, 2021 and 2020, respectively. Amounts received prior to the provision of the services are reported as deferred revenue (\$4,044 and \$0 at September 30, 2021 and 2020, respectively).

Expenses are recorded when the related liability is incurred. The Foundation allocates its expenses on a functional basis among its program and supporting services. 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 the Corporation for Public Broadcasting (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 2021 and 2020). 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 2021 and 2020). 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 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.

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor Contributions (continued)

Contributions 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. When a time or purpose restriction expires or is satisfied, net assets with donor restrictions are released to net asset with donor restrictions. The Foundation considers membership dues as contributions as the member can elect to have the amount provided be a contribution or elect to receive a gift, the value of which is not significant.

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 \$16,935 and \$22,234 for the years ended September 30, 2021 and 2020, 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. Donated underwriting services were \$1,200 and \$6,740 for the years ended September 30, 2021 and 2020. 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. The gross receipts of the Foundation for the years ended September 30, 2021 and 2020 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, 2021 and 2020, 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.

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

For the Year Ended September 30, 2021
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

The Foundation implemented this ASU in the year ended September 30, 2021 using the modified retrospective method. The cumulative effect of implementing this ASU was not significant to the Foundation's financial statements as of October 1, 2020 and for the year ended September 30, 2021.

NOTE B – LIQUIDITY

The Foundation's policy is to maintain cash balances to provide for its general expenditures, liabilities, and other obligations as they come due. Accounts receivable are subject to implied time restrictions, but are expected to be collected within one year.

The following reflects the Foundation's financial assets as of September 30, 2021 and 2020 available to meet cash needs for general expenditures within one year of the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Cash (including interest-bearing accounts)	\$330,972	\$116,262
Accounts receivable – net	<u>680</u>	<u>2,406</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$331,652</u>	<u>\$118,668</u>

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021
(With Prior Year Comparative Information)

NOTE C – PROPERTY AND EQUIPMENT

At September 30, 2021 and 2020, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 40,238	\$ 40,238
Broadcast equipment	527,142	506,080
Total property and equipment	<u>567,380</u>	<u>546,318</u>
Accumulated depreciation	<u>(450,702)</u>	<u>(427,059)</u>
 Property and equipment – net	 <u>\$116,678</u>	 <u>\$119,259</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, 2021 and 2020 amounted to \$36,917 and \$35,594, respectively.

At September 30, 2021, future minimum lease payments were expected to approximate the following:

Years Ending September 30th	
2022	\$ 36,700
2023	\$ 38,300
2024	\$ 36,600
2025	\$ 35,800
2026	\$ 37,300
Thereafter	\$ 90,300

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021
(With Prior Year Comparative Information)

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) first draw 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. In May 2021, the Foundation received notice of forgiveness in full of the PPP first draw loan. Accordingly, the Foundation recognized a gain on forgiveness of SBA PPP first draw loan in the accompanying financial statements.

In February 2021, the Foundation applied for and received a \$29,645 Paycheck Protection Program (PPP) second draw loan from Bank of Hawaii. All or a portion of the loan, which matures five 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. In September 2021, the Foundation received notice of forgiveness in full of the PPP second draw loan. Accordingly, the Foundation recognized a gain on forgiveness of SBA PPP loan in the accompanying financial statements.

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.

During the year ended September 30, 2020 the Foundation received a \$112,136 Coronavirus Aid, Relief, and Economic Security (CARES) Act stabilization grant from CPB. The CARES Act was signed into law in March 2020 to provide emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic.

During the year ended September 30, 2021, the Foundation received a \$178,044 in American Rescue Plan Act (ARPA) stabilization grant from CPB. The ARPA authorized fiscal stabilization grants to public telecommunications entities to maintain their programming and services and to prevent, prepare for, and respond to COVID-19.

NOTE F – CONTINGENCIES

The Foundation may be subject to legal proceedings, claims, or litigation arising in the ordinary course of business for which it may seek 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.

KEKAHU FOUNDATION, INC.,
dba Kauai Community Radio

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021
(With Prior Year Comparative Information)

NOTE F – CONTINGENCIES (Continued)

Revenue derived 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.

NOTE G – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 16, 2022, 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.
