

Hawaiian Islands Land Trust

Financial Statements

December 31, 2020 and 2019



AKAMINE, OYADOMARI & KOSAKI
CPA'S, INC.

Hawaiian Islands Land Trust

Table of Contents

	<u>Page</u>
Independent Auditor's Report	3
Financial Statements -	
Statements of Financial Position as of December 31, 2020 and 2019	5
Statements of Activities for the years ended December 31, 2020 and 2019	7
Statement of Functional Expenses for the year ended December 31, 2020	8
Statement of Functional Expenses for the year ended December 31, 2019	9
Statements of Cash Flows for the years ended December 31, 2020 and 2019	10
Notes to the Financial Statements	11





Independent Auditor's Report

To the Board of Directors
Hawaiian Islands Land Trust

We have audited the accompanying financial statements of the Hawaiian Islands Land Trust (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hawaiian Islands Land Trust as of December 31, 2020 and 2019, 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.

Akamine, Oyadomari & Kosaki CPAs, Inc.

Honolulu, Hawai'i
March 25, 2021



Hawaiian Islands Land Trust

Statements of Financial Position as of December 31, 2020 and 2019

	Assets	
	2020	2019
Current assets:		
Cash and cash equivalents (Note C)	\$ 1,666,849	\$ 753,385
Investments (Note D)	10,156	-
Contributions receivable (Note E)	84,743	75,700
Government grants receivable	16,600	-
Silent auction inventory	-	25,467
Prepaid expenses and other	-	1,195
Total current assets	<u>1,778,348</u>	<u>855,747</u>
Other assets:		
Cash and cash equivalents (Note C)	1,511,712	735,125
Investments (Note D)	-	552,282
Contributions receivable (Note E)	65,000	105,000
Deposits	1,402	1,402
Property and equipment -		
Land held for conservation	12,043,787	12,043,787
Land held for sale (Note J)	590,000	1,150,000
Furniture and equipment	132,929	102,691
Total property and equipment	<u>12,766,716</u>	<u>13,296,478</u>
Less: accumulated depreciation	<u>(89,116)</u>	<u>(77,102)</u>
Net property and equipment	<u>12,677,600</u>	<u>13,219,376</u>
Total other assets	<u>14,255,714</u>	<u>14,613,185</u>
Total assets	<u>\$ 16,034,062</u>	<u>\$ 15,468,932</u>

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



Hawaiian Islands Land Trust
 Statements of Financial Position (continued)
 as of December 31, 2020 and 2019

Liabilities and Net Assets		2020	2019
Current liabilities:			
Accrued liabilities	\$	57,581	\$ 59,725
Accrued paid leave		21,608	12,905
Deferred revenue		-	67,067
Note payable (Note I)		43,185	-
Total current liabilities		122,374	139,697
 Long-term liabilities:			
Note payable (Note I)		49,615	-
Total liabilities		171,989	139,697
 Net assets:			
Net assets without donor restrictions -			
Unrestricted		1,227,141	1,175,332
Board designated (Note F)		82,374	75,952
Total net assets without donor restrictions		1,309,515	1,251,284
Net assets with donor restrictions -			
Purpose or time (Note G)		2,511,457	2,036,850
Perpetual (Note H)		12,041,101	12,041,101
Total net assets with donor restrictions		14,552,558	14,077,951
Total net assets		15,862,073	15,329,235
Total liabilities and net assets	\$	16,034,062	\$ 15,468,932

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

Hawaiian Islands Land Trust
 Statements of Activities
 for the years ended December 31, 2020 and 2019

	2020	2019
Change in net assets without donor restrictions:		
Revenue and other support -		
Contributions of cash and other financial assets	\$ 573,940	\$ 299,539
Contributions of nonfinancial assets (Note J)	72,000	1,269,768
Special events, net of \$79,543 and \$193,616 direct expenses in 2020 and 2019	48,788	110,264
Gain on sales of land (Note J)	187,401	-
Rental income	12,400	24,875
Interest and other income	6,561	12,720
Net assets released from restrictions (Note G) -		
Satisfaction of donor restrictions	250,159	433,177
Total revenue and other support	1,151,249	2,150,343
Expenses -		
Program services	829,176	650,123
Management and general	69,801	56,745
Fundraising	194,041	186,482
Total expenses	1,093,018	893,350
Change in net assets without donor restrictions	58,231	1,256,993
Change in net assets with donor restrictions:		
Contributions of cash and other financial assets	724,766	1,067,927
Contributions of nonfinancial assets (Note J)	-	2,925,467
Net assets released from restrictions	(250,159)	(433,177)
Change in net assets with donor restrictions	474,607	3,560,217
Change in net assets	532,838	4,817,210
Net assets at beginning of year	15,329,235	10,512,025
Net assets at end of year	\$ 15,862,073	\$ 15,329,235

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



Hawaiian Islands Land Trust

Statement of Functional Expenses
for the year ended December 31, 2020

	Supporting Activities			Total
	Program Services	Management and General	Fundraising	
Salaries and related expenses:				
Salaries	\$ 376,902	\$ 41,304	\$ 98,098	\$ 516,304
Payroll taxes	52,588	5,764	13,687	72,039
Benefits and insurance	30,800	3,377	8,015	42,192
Total salaries and related expenses	460,290	50,445	119,800	630,535
Other expenses:				
Land maintenance	144,521	-	-	144,521
Professional fees	56,664	4,093	9,720	70,477
Rent and utilities	30,618	3,355	7,969	41,942
Consultants and contractors	22,203	2,433	5,779	30,415
Supplies and software	21,009	2,302	5,468	28,779
Construction and field materials	28,419	-	-	28,419
Travel and meetings	16,344	1,791	4,254	22,389
Printing and duplication	5,633	617	9,444	15,694
Publicity and advertising	9,522	1,044	2,478	13,044
Depreciation	8,770	961	2,283	12,014
Insurance	6,945	761	1,808	9,514
Postage and shipping	4,294	470	3,357	8,121
Communications	5,325	584	1,386	7,295
Donor and member expenses	-	-	7,255	7,255
Bank, credit, and finance fees	127	14	5,317	5,458
Other	8,492	931	7,723	17,146
Total other expenses	368,886	19,356	74,241	462,483
Total expenses	\$ 829,176	\$ 69,801	\$ 194,041	\$ 1,093,018

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



Hawaiian Islands Land Trust

Statement of Functional Expenses
for the year ended December 31, 2019

	Supporting Activities			Total
	Program Services	Management and General	Fundraising	
Salaries and related expenses:				
Salaries	\$ 287,801	\$ 31,540	\$ 74,907	\$ 394,248
Payroll taxes	39,905	4,373	10,386	54,664
Benefits and insurance	20,749	2,275	5,401	28,425
Total salaries and related expenses	348,455	38,188	90,694	477,337
Other expenses:				
Land maintenance	106,530	-	-	106,530
Professional fees	32,312	3,541	8,410	44,263
Rent and utilities	36,611	4,011	9,529	50,151
Consultants and contractors	15,510	1,700	4,037	21,247
Supplies and software	6,643	728	1,729	9,100
Construction and field materials	18,208	-	-	18,208
Travel and meetings	30,273	3,316	7,880	41,469
Printing and duplication	1,611	177	13,210	14,998
Publicity and advertising	7,591	832	1,976	10,399
Depreciation	7,277	798	1,894	9,969
Insurance	6,956	761	1,811	9,528
Postage and shipping	4,895	537	1,274	6,706
Communications	4,441	487	1,156	6,084
Donor and member expenses	-	-	25,330	25,330
Bank, credit, and finance fees	37	4	9,335	9,376
Other	22,773	1,665	8,217	32,655
Total other expenses	301,668	18,557	95,788	416,013
Total expenses	\$ 650,123	\$ 56,745	\$ 186,482	\$ 893,350

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



Hawaiian Islands Land Trust
 Statements of Cash Flows
 for the years ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Changes in net assets	\$ 532,838	\$ 4,817,210
Adjustments to reconcile changes in net assets to net cash provided by operating activities -		
Depreciation	12,014	9,969
(Gain) loss on investments	2,846	(6,383)
Contributed securities retained as investments	(9,739)	-
Gain on sales of land	(187,401)	-
Contributed land	-	(4,050,000)
Decrease (increase) in -		
Government grants receivable	(16,600)	62,018
Contributions receivable	30,957	(4,800)
Silent auction inventory	25,467	18,976
Prepaid expenses and other	1,195	6,800
Increase (decrease) in -		
Accrued expenses	6,559	(28,814)
Deferred revenues	(67,067)	4,947
Net cash provided by operating activities	331,069	829,923
Cash flows from investing activities:		
Purchases of investments	(556,792)	(545,899)
Sales of investments	1,105,811	-
Proceeds from sales of land	747,401	-
Purchases of furniture and equipment	(30,238)	-
Net cash provided by (used in) investing activities	1,266,182	(545,899)
Cash flows from financing activities:		
Proceeds from note payable	92,800	-
Net cash provided by financing activities	92,800	-
Net change in cash and cash equivalents	1,690,051	284,024
Cash and cash equivalents at beginning of year	1,488,510	1,204,486
Cash and cash equivalents at end of year	\$ 3,178,561	\$ 1,488,510
Supplemental disclosure of cash flow information:		
Contributed securities received	\$ 15,736	\$ 11,072

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



Hawaiian Islands Land Trust

Notes to the Financial Statements

NOTE A - NATURE OF ACTIVITIES

Maui Coastal Land Trust, Inc. was incorporated under the laws of the State of Hawai'i as a nonprofit corporation in February 2001. On January 1, 2011, the O'ahu Land Trust, Kaua'i Public Land Trust, and Hawai'i Island Land Trust merged with Maui Coastal Land Trust, Inc. Subsequently, Maui Coastal Land Trust, Inc. changed its name to Hawaiian Islands Land Trust (the Organization). In 2021, the Board of Directors approved a motion to operate under the name Hawai'i Land Trust.

The Organization receives contributions from individuals, businesses, private foundations, and government agencies. These funds are used in collaboration with private landowners, neighborhoods, community groups, and government agencies to protect coastal open space for habitat, cultural values, shoreline access, and scenic views in the state of Hawai'i.

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. As a result of the pandemic and related restrictions, the Organization cancelled many of its annual fundraising events in 2020 and has postponed its fundraising events for 2021. The Organization has continued its work to protect the land throughout the pandemic.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization are prepared in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are carried at fair value on the statements of financial position. The Organization's investments include a U.S. equity security at December 31, 2020 and a short-term U.S. Treasury note available for sale at December 31, 2019. Gains or losses are included in the statement of activities.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market risk. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the value of investment securities may occur in the near term and that such changes could materially differ from the amounts reported in the financial statements.



Hawaiian Islands Land Trust

Notes to the Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions Receivable

When a donor has unconditionally promised to contribute funds in future periods, the Organization recognizes the fair value of the contribution receivable. Contributions expected to be collected within one year are recorded as a donation and a receivable at net realizable value, which approximates fair value. Contributions expected to be collected in future years are recorded as a donation and a receivable at the present value of the expected future cash flows.

Accounts and contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through 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.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization capitalizes property and equipment purchases in excess of \$2,500. Lesser amounts are expensed. Depreciation is computed using the straight-line method over 5 to 40 years. No depreciation is recorded on conservation property.

Deferred Revenue

Deferred revenue consists of payments received from event attendees and sponsors prior to the year of the lū'au benefit fundraiser. Such amounts are recorded as revenues when the related services are performed or obligations are satisfied.

Accrued Paid Leave

Employees earn paid leave based on hours worked at a rate equal to 120 hours of leave for full-time employees. An additional 8 hours of leave is earned for every additional year of service, up to a maximum of 200 hours per year. Employees may carryover up to 40 hours of paid leave at the end of their work anniversary unless written permission is granted by both the Executive Director and the President of the Board. Compensation is not granted in lieu of leave, and employees are not compensated for unused leave upon termination of employment.

Net Assets without Donor Restrictions

Net assets without donor restrictions represent the part of net assets that is not restricted by donors. These revenues are used for the general operating expenditures of the Organization or for such other purposes as determined by the Board of Directors. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When support is expended within the terms of the donor restrictions, the Organization reports net assets released from restrictions.



Hawaiian Islands Land Trust

Notes to the Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets with Time or Purpose Donor Restrictions

Net assets with donor restrictions represent the part of net assets that is subject to donor-imposed restrictions. The Organization classifies as purpose or time restricted the part of net assets that expire upon the passage of a prescribed period or upon the occurrence of a stated event, as specified by the donor.

Net Assets with Perpetual Donor Restrictions

The Organization classifies as perpetual the part of net assets whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions.

Revenue Recognition

All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Contributions restricted for long-term stewardship of conservation properties are generally not property specific and are recognized as income at the time stewardship expenses are incurred. Service revenues are recognized at the time services are provided and the revenues are earned.

Donated services and non-cash assets are recognized as contributions at fair value in accordance with Accounting Standards Codification (ASC) 958-605-25-16. Donated professional services are reflected in the statement of activities at their fair value at the date of the donation. The contribution of services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Many individuals volunteer their time and perform a variety of tasks that benefit the Organization with specific assistance programs, solicitations, and various committee assignments that are not recognized as contributions in the financial statements, because the recognition criteria under ASC 958-605-25-16 were not met.

Income Tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. For federal income tax purposes, the Organization believes tax years 2017 through 2020 remain open for possible examination by the Internal Revenue Service.

Functional Expenses

The cost of providing various programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Functional expenses have been allocated between program services and support services based on management estimates of time and effort attributable to each function.



Hawaiian Islands Land Trust

Notes to the Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management's estimates and judgments.

Stewardship Commitment and Endowment

Protecting and enhancing the conservation values of the lands acquired by the Organization, and doing so in perpetuity, is an important aspect of the Organization's work. The Organization evaluates each property it holds for its conservation value, as well as the threats to these properties, and develops and implements a stewardship plan based on this analysis which includes detailed monitoring on an annual basis.

The costs of future obligations represent a commitment of the Organization and will be recorded as they are incurred.

Conservation Easements

The Organization has acquired a number of conservation easements, each representing a legal interest in land owned by another person or entity, but representing the Organization's right to use, control, and/or protect the land for conservation purposes. Due to the unique nature of these interests, the impracticability of obtaining consistent and reliable estimates of the values ascribed to these interests, and consistent with the practices followed by many environmental land trusts, the accompanying financial statements do not include any amounts for these conservation easements on the statement of financial position. However, costs related to maintaining and monitoring those non-recorded assets are recorded under the Organization's program expenses on the statement of activities and statement of functional expenses.

As of December 31, 2020, the Organization held 45 conservation easements on approximately 18,007 acres of land.

Reclassifications

Certain balances in the 2019 financial statements have been reclassified to conform with the 2020 presentation. These reclassifications had no effect on net assets or the change in net assets as previously reported.



Hawaiian Islands Land Trust

Notes to the Financial Statements

NOTE C - CASH AND CASH EQUIVALENTS

The Organization's cash and cash equivalents are insured up to \$250,000 per depositor, per financial institution by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2020, the Organization maintained cash balances at an FDIC-insured financial institution located in Hawai'i and a national brokerage firm, and the uninsured amount was approximately \$1,464,000. The Organization also maintained cash balances with two online payment systems. As of December 31, 2020, the cash balances maintained at the online payment systems were fully insured by the FDIC.

Management has designated cash and cash equivalents held in certain accounts for land acquisition, stewardship, or legal defense. These accounts are presented separately from current assets on the statements of financial position.

The following table provides a reconciliation of cash and cash equivalents reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	2020	2019
Cash and cash equivalents - current	\$ 1,666,849	\$ 753,385
Cash and cash equivalents - other	1,511,712	735,125
Total	<u>\$ 3,178,561</u>	<u>\$ 1,488,510</u>

NOTE D - INVESTMENTS

At December 31, 2020, investments consisted of a U.S. equity security with fair market value of \$10,156 and unrealized gain of \$417. Investments at December 31, 2019 consisted of a U.S. Treasury note with fair market value of \$552,282 and unrealized gain, including accrued interest, of \$6,403.

The account holding the equity security at December 31, 2020 is not restricted by donors or designated by management. Management has designated the investment account holding the U.S. Treasury note at December 31, 2019 for stewardship and, accordingly, is presented separately from current assets on the statements of financial position.

Fair Value Measurement

ASC 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10 are as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.



Hawaiian Islands Land Trust

Notes to the Financial Statements

NOTE D - INVESTMENTS (continued)

Fair Value Measurement (continued)

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Various valuation methodologies are used to value assets measured at fair value. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The inputs used for valuing securities are not an indication of the risk associated with investing in those securities.

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At December 31, 2020 and 2019, investments were valued based on Level 1 measurements.

NOTE E - CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2020 and 2019 is comprised of contributions expected to be collected as follows:

	<u>2020</u>	<u>2019</u>
Within 1 year	\$ 84,743	\$ 75,700
1 to 5 years	65,000	105,000
Total contributions receivable	<u>149,743</u>	<u>180,700</u>
Less: reserve for uncollectible contributions	-	-
Net contributions receivable	<u><u>\$ 149,743</u></u>	<u><u>\$ 180,700</u></u>

At December 31, 2020 and 2019, there were unrecognized promises to give amounting to \$115,000 and \$130,854, respectively. These intentions to give have not been recognized on the financial statements because the contribution is conditioned upon events which have not yet occurred, or the individual or entity retains the ability to redirect the intended contribution to another recipient.



Hawaiian Islands Land Trust

Notes to the Financial Statements

NOTE F - BOARD DESIGNATED NET ASSETS

At December 31, 2020 and 2019, the Organization’s Board of Directors designated \$82,374 and \$75,952, respectively, of net assets without donor restrictions for legal defense. The Legal Defense Fund is a best practice of land trusts, and it is a requirement of land trusts accredited by the Land Trust Alliance such as Hawaiian Islands Land Trust. The Legal Defense Fund provides a reserve for a land trust to take legal action to correct violations of a conservation easement held by the land trust, and to take legal action to protect and steward lands owned by the land trust.

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS – PURPOSE OR TIME

As of December 31, 2020 and 2019, net assets with time or purpose donor restrictions consisted of the following:

Restricted for the following purposes:	2020	2019
Stewardship - general	\$ 948,843	\$ 749,137
Easement acquisition	648,540	646,805
Nisei Veterans Park	155,955	164,801
Maka‘alaie, Waikapū, and Hāloa ‘Āina	142,000	-
O‘ahu stewardship	120,000	120,000
‘Āina-based education	50,000	50,000
Kāhili preserve	43,276	-
Windward Wahi Pana project	42,824	43,750
‘Ulupalakua Ranch	32,600	-
Kaua‘i stewardship	30,700	20,200
Legal defense	32,000	-
Waihe‘e	25,000	-
Māhukona	25,000	-
Kaua‘i organic farming	20,000	10,000
Hakipu‘u lo‘i kalo	19,945	-
Talk story app	19,412	-
KUPU workforce	4,619	-
Waihe‘e ho‘olaule‘a	1,000	1,000
Maui fundraiser 2020	-	25,467
Maunawila Lima Hana intern	-	24,990
Subtotal - restricted for purpose	2,361,714	1,856,150
Implicit time restrictions:		
Contributions receivable	149,743	180,700
Subtotal - implicit time restrictions	149,743	180,700
Total net assets with donor restrictions - purpose or time restricted	\$ 2,511,457	\$ 2,036,850



Hawaiian Islands Land Trust

Notes to the Financial Statements

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS – PURPOSE OR TIME (continued)

Net assets were released from purpose or time restrictions by incurring expenses or through the receipt of funds satisfying the purpose or time restrictions as follows:

	2020	2019
Maunawila	\$ 49,990	\$ -
Waihe‘e	34,853	-
Maui fundraiser	25,467	44,443
Kāhili preserve	23,499	-
Hakipu‘u lo‘i kalo	16,220	-
Talk story app	11,788	-
Other	13,539	20,605
Nisei Veterans Park	8,846	11,884
Maui projects	-	53,500
‘Āina-based education	-	50,000
Hawai‘i Island community resilience initiative	-	50,000
Ma‘o Farms - Pilikea project	-	49,000
HCC Farms stewardship	-	9,400
Nu‘u	-	7,895
Windward Wahi Pana project	-	6,250
Total purpose restrictions satisfied	184,202	302,977
Contributions receivable	65,957	130,200
Total implicit time restrictions satisfied	65,957	130,200
Total restrictions released	\$ 250,159	\$ 433,177

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS – PERPETUAL

At December 31, 2020 and 2019, net assets with perpetual donor restrictions consisted of the following:

	2020	2019
Waihe‘e Coastal Dunes and Wetlands Refuge	\$ 4,818,901	\$ 4,818,901
Kāhili Beach Preserve	2,693,000	2,693,000
Kūkūau 1st, Hilo	2,900,000	2,900,000
Nu‘u Refuge	1,522,400	1,522,400
Veterans Peace Park	93,000	93,000
Maunawila Heiau	13,600	13,600
Wainiha Parcel	200	200
Total net assets with perpetual donor restrictions	\$ 12,041,101	\$ 12,041,101

Net assets with perpetual donor restrictions consisted of properties held in fee by the Organization. The Organization acquired the properties through funds provided by grant agreements and contributions and are intended to be held by the Organization indefinitely for certain conservation values.



Hawaiian Islands Land Trust

Notes to the Financial Statements

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS – PERPETUAL (continued)

The Organization has granted perpetual conservation easements to various entities, including government agencies, for the protection of the Waihe‘e, Maunawila, and Wainiha properties. Deed restrictions also protect the conservation values for the Kāhili Beach Preserve, Nu‘u Refuge, and Maunawila Heiau.

In the event the Organization is unable to perform its conservation duties, grant agreements further require the Waihe‘e and Maunawila properties to be transferred to certain successor organizations.

NOTE I - CARES ACT FUNDING

At December 31, 2020, the Organization had an unsecured note payable of \$92,800 to a financial institution under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136 (CARES Act). The note matures April 2022, with interest accruing at 1.00% per annum. The note requires fully amortizing monthly principal and interest payments beginning August 2021. Future maturities of the note payable are \$43,185 in 2021 and \$49,615 in 2022.

Management anticipates the entire principal balance of the note will be forgiven in accordance with the requirements of the CARES Act.

In addition to the note payable, the Organization received approximately \$89,000 in CARES Act funding passed through other government and not-for-profit entities. This amount is included in contributions in the statement of activities.

NOTE J - CONTRIBUTED NONFINANCIAL ASSETS

During the years ended December 31, 2020 and 2019, the Organization received the following contributions of nonfinancial assets that were recognized on the statement of Activities:

	2020	2019
Dinner, facilities, and entertainment for Maui fundraiser	\$ 63,000	\$ 70,328
Office space	9,000	15,000
Land for conservation	-	2,900,000
Land for sale	-	1,150,000
Silent auction donations	-	25,467
Golf fees, food, and beverage for fundraiser	-	19,440
Dinner for O‘ahu gala fundraiser	-	15,000
Total	<u>\$ 72,000</u>	<u>\$ 4,195,235</u>

During 2020, the Organization sold a portion of the contributed land which contains agricultural-residential restrictions, and the Organization intends to sell the remainder of these parcels in the near future. The parcels which were sold had an aggregate book value of \$560,000. The gross sales prices aggregating \$780,000 were reduced by \$32,599 of commissions and fees, of which \$14,966 were commissions paid to a real estate agency related through a Director of the Organization. The net book



Hawaiian Islands Land Trust

Notes to the Financial Statements

NOTE J - CONTRIBUTED NONFINANCIAL ASSETS (continued)

gain on the sales of the parcels of \$187,401 for the year ended December 31, 2020 is included in the statement of activities.

Land held for conservation is deed-restricted to agriculture and conservation uses only, and the Organization intends to hold this land for conservation. None of the contributed land in 2019 contained donor-imposed restrictions. Contributed land was appraised on the basis of recent comparable sales on Hawai'i island.

Donations for the silent auctions were sold at fundraising events. Contributed goods and services for fundraisers were valued based on estimates of wholesale values that would be received for selling similar products in the United States.

Contributed office space in Honolulu is used for general and administrative activities. The Organization estimated the fair value of the office space based on comparable rental rates in Honolulu.

NOTE K - LEASES

The Organization leases office space in Wailuku and Honolulu, both on a month-to-month basis. The Wailuku lease agreement provides for the Organization to pay monthly rent of \$1,050. The Honolulu lease agreement commenced in December 2016 and provides for rent at no charge and monthly payments for building operating expenses.

The Organization subleases a portion of the Wailuku office on a month-to-month basis. The sublease agreement provides for the Organization to receive monthly rent of \$1,050 plus utilities.

NOTE L - RELATED-PARTY TRANSACTIONS

The Hawaiian Islands Land Trust receives contributions from certain board members, their immediate families, and through organizations related to certain board members or their immediate families. Contributions from these related parties amounted to approximately \$52,000 and \$97,000 in 2020 and 2019, respectively. Contributions receivable from related parties amounted to \$40,000 and \$60,000 at December 31, 2020 and 2019, respectively.

NOTE M - CONTRACTS

Stewardship Services

In 2008, the Organization entered into an exclusive 15-year license agreement with HawaiiScapes, LLC for the following stewardship services for the Waihe'e Coastal Dunes and Wetlands Refuge:

- Land management – prescribed grazing with sheep only and no herbicides
- Fence maintenance
- Pasture improvements



Hawaiian Islands Land Trust

Notes to the Financial Statements

NOTE M – CONTRACTS (continued)

Stewardship Services (continued)

All services provided must comply with National Resources Conservation Services' Environmental Quality Incentive Program's grant requirements.

Payroll

Employees of the Organization are co-employees of the Organization and ALTRES, a professional employer organization. The Organization maintains direction and control of the employees. ALTRES handles all matters pertaining to the payroll, health insurance administration, employer taxes, temporary disability insurance, HR administration, worker's compensation, and other administrative aspects of employment. ALTRES offers a 401(k) retirement plan for employees. The Organization may make discretionary matching contributions. There were no discretionary matching contributions for 2020 or 2019.

NOTE N - CONTINGENCIES

The Organization receives a portion of its revenue from government grants and contracts, all of which are subject to audit by the applicable governing bodies. Generally, the determination of amounts received under these programs is based on the allowable costs provided in the contracts. These contracts may be audited by the appropriate agencies. Until such audits have been completed, there exists a contingency to refund any amount received in excess of allowable costs. Such contingencies diminish with the passage of time. Management has determined that no provision for these contingencies was necessary at December 31, 2020 and 2019.

NOTE O - LIQUIDITY

The Organization has approximately \$779,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash and cash equivalents and receivables. Cash, cash equivalents, and investments of approximately \$3,189,000 are reduced by donor-imposed purpose restrictions on net assets of \$2,511,000. Contributions and grants receivable amount to \$166,000, of which \$101,000 is expected to be collected within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE P - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for potential required disclosures through March 25, 2021, the date the financial statements were available to be issued.

