

**KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES**
(A Hawai'i Nonprofit Corporation)

REVIEWED FINANCIAL STATEMENTS
(With Independent Accountants' Review Report)

FOR THE YEAR ENDED SEPTEMBER 30, 2023
(With Comparative Totals for the Year Ended September 30, 2022)

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Management and Board of
Friends of Kaua'i Wildlife Refuges
Kilauea, Hawai'i 96754

We have reviewed the accompanying financial statements of Kilauea Point Natural History Association dba Friends of Kaua'i Wildlife Refuges (a Hawai'i nonprofit corporation), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

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

We required to be independent of Kilauea Point Natural History Association dba Friends of Kaua'i Wildlife Refuges and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

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

Report on Summarized Comparative Information

We previously reviewed Kilauea Point Natural History Association dba Friends of Kaua'i Wildlife Refuges 2022 financial statements and in our conclusion dated March 29, 2023, stated that based on our review, we were not aware of any material modifications that should be made to the 2022 financial statements in order for the to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended September 30, 2022, for it to be consistent with the reviewed financials statements from which it has been derived.

Carlman CPAs & Mgmt Group

Wailuku, Hawai'i
March 1, 2024

**KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES**

Statements of Financial Position
As of September 30, 2023 and 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents (Notes 2 and 8)	\$ 344,749	\$ 268,564
Inventory (Note 2)	119,544	93,897
Prepaid Expenses	16,324	-
Total Current Assets	480,617	362,461
PROPERTY AND EQUIPMENT (Note 2)		
Building Improvements	12,296	12,296
Furniture and Fixtures	32,237	32,237
Accumulated Depreciation	(39,786)	(37,608)
Net Property and Equipment	4,747	6,925
OTHER ASSETS		
Investments (Note 9)	66,161	40,221
TOTAL ASSETS	\$ 551,525	\$ 409,607
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 32,561	\$ 16,592
Total Current Liabilities	32,561	16,592
NET ASSETS (Note 5)		
Net Assets Without Donor Restrictions		
Board of Directors Designated	-	39,001
Others	487,863	297,156
Total Net Assets Without Donor Restrictions	487,863	336,157
Net Assets With Donor Restrictions	31,101	56,858
Total Net Assets	518,964	393,015
TOTAL LIABILITIES AND NET ASSETS	\$ 551,525	\$ 409,607

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2023
(With Comparative Totals for the Year Ended September 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals
PUBLIC SUPPORT AND SALES				
Sales	\$ 542,317	\$ -	\$ 542,317	\$ 363,189
Less: Cost of Goods Sold	(241,138)	-	(241,138)	(157,087)
Net Sales Revenue	301,179	-	301,179	206,102
Grants	154,690	-	154,690	133,480
Donations	45,642	2,434	48,076	41,245
Employee Retention Credit (Note 13)	42,048	-	42,048	-
Membership Dues	16,309	-	16,309	11,331
Other Revenue	14,976	-	14,976	1,090
Interest Income	1,321	-	1,321	1,072
Special Events	950	-	950	-
In Kind Donations (Note 12)	690	-	690	-
Net Assets Released from Restrictions	28,191	(28,191)	-	-
Total Public Support and Sales	605,996	(25,757)	580,239	394,320
OPERATING EXPENSES				
Program Services	325,900	-	325,900	213,981
Management and General	80,559	-	80,559	64,394
Fundraising	47,831	-	47,831	36,491
Total Operating Expenses	454,290	-	454,290	314,866
CHANGES IN NET ASSETS	\$ 151,706	\$ (25,757)	\$ 125,949	\$ 79,454
NET ASSETS, BEGINNING OF YEAR	336,157	56,858	393,015	313,561
NET ASSETS, END OF YEAR	\$ 487,863	\$ 31,101	\$ 518,964	\$ 393,015

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Statement of Functional Expenses
For the Year Ended September 30, 2023
(With Comparative Totals for the Year Ended September 30, 2022)

	Program Services	Management and General	Fundraising	2023 Totals	2022 Totals
Salaries and Wages	\$ 137,509	\$ 45,090	\$ 33,818	\$ 216,417	\$ 146,963
Professional Fees	21,967	15,433	3,746	41,146	32,921
Refuge	37,736	-	-	37,736	21,732
General Excise Taxes	24,728	-	-	24,728	16,150
Payroll Taxes	13,622	3,983	2,987	20,592	13,601
Environmental Projects	20,000	-	-	20,000	15,000
Employee Benefits	13,138	2,801	2,100	18,039	14,354
Scholarships	14,750	-	-	14,750	20,000
Supplies	8,542	3,536	1,653	13,731	4,595
Special Events	11,895	-	-	11,895	2,396
Bank Service Charges	10,065	50	843	10,958	9,906
Insurance	4,264	2,452	-	6,716	4,527
Other Expenses	1,313	221	1,697	3,231	1,968
Advertising (Note 2)	3,950	35	-	3,985	1,420
Utilities	1,557	1,403	312	3,272	3,361
Dues and Subscriptions	648	2,135	317	3,100	3,560
Depreciation	-	2,178	-	2,178	1,353
Travel and Entertainment	216	1,242	358	1,816	1,059
Total Expenses	\$ 325,900	\$ 80,559	\$ 47,831	\$ 454,290	\$ 314,866

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Statements of Cash Flows

For the Years Ended September 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Sales	\$ 542,317	\$ 363,189
Cash Received from Grants	154,690	133,480
Cash Received from Donations	48,076	41,245
Cash Received from Employee Retention Credit (Note 13)	42,048	-
Cash Received from Special Events	950	-
Cash Received from Dues and Other Revenue	31,285	12,421
Cash Received from Interest Income	1,321	1,072
Cash Paid to Vendors and Employees	(718,562)	(509,965)
Net Cash Provided by Operating Activities (Note 7)	102,125	41,442
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (Purchases) Proceeds of Investments in Certificates of Deposits	(25,940)	24,988
Purchase of Property and Equipment	-	(4,800)
Net Cash (Used) Provided by Investing Activities	(25,940)	20,188
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net Increase in Cash and Cash Equivalents for the Year	76,185	61,630
CASH AND CASH EQUIVALENTS BALANCE, BEGINNING OF YEAR	268,564	206,934
CASH AND CASH EQUIVALENTS BALANCE, END OF YEAR	\$ 344,749	\$ 268,564

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Notes to the Financial Statements
September 30, 2023

Note 1. ORGANIZATION

Kilauea Point Natural History Association dba Friends of Kaua'i Wildlife Refuges (the Association) is a non-profit corporation incorporated in November 1983 to promote better understanding, appreciation, and conservation of the natural history and environment of Kauai's National Wildlife Refuges. The Association cooperates with the U.S. Fish and Wildlife Service to:

- Foster educational, interpretive, scientific, and other activities appropriate to the goals and objectives of the Kaua'i National Wildlife Refuge Complex for the benefit of the public.
- Purchase or produce and make available to Refuge visitors, by sales or free distribution, suitable interpretive and educational material such as books, pamphlets, posters, slides, photographs, maps and other items of interest, to promote the Association's goals and to increase the visitors' understanding of the surrounding natural environment and natural history.
- Acquire books, films, recordings and other materials for use in interpretive programs which may be donated to the U.S. Fish and Wildlife Service and assist them in carrying out such programs.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting: The Association uses the accrual basis of accounting for financial statement reporting according to generally accepted accounting principles. Under this method of accounting, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

Cash and Cash Equivalents: For purposes of the statements of cash flows, the Association considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Association places the majority of its cash balances with major Hawaii-based financial institutions. As of September 30, 2023, and 2022, aggregate cash balances per bank were within federally insured limits.

Property and Equipment: The Association's policy is to capitalize all property and equipment in excess of \$5,000 with a useful life greater than one year. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Association periodically reviews the carrying value of property and equipment and will recognize impairments when the fair value is assessed to be less than the assets carrying value. For the years ended September 30, 2023 and 2022, no impairment loss has been recognized.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory: Inventory consists of books and other supplies, and is recorded at the lower of cost, determined on the first-in, first-out method, or market.

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Notes to the Financial Statements
September 30, 2023

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising: The Association expenses advertising costs when they occur. Total advertising costs were \$3,985 and \$1,420 for the years ending September 30, 2023 and 2022, respectively.

Revenue Recognition: Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions (Note 5). Unconditional promises to donate due in the next year, are reflected as current promises to give and are recorded at their net realizable value. Grants and other contributions of cash are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. In accordance with FASB's ASC Topic 606, *Revenue from Contracts with Customers* performance obligation related to program services and grant revenue are recognized as the expenses occurred or the services have been provided throughout the year. Other revenues and donations do not have a specific performance obligation and are generally earned when received.

Income Tax Status: The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, any income from activities not directly related to its tax-exempt purpose may be subject to taxation as unrelated business income. In addition, since the Association has been classified as an association that is not a private foundation under Section 509(a)(2), certain financial and other assistance provided to the Association would qualify for the charitable contribution deduction under Section 170(b)(1)(A).

Functional Expenses: Functional expenses are allocated to program related and administrative functions. Most expenses are allocated directly to the program or support services benefited. Certain expenses are allocated using a percentage base.

Note 3. U.S. FISH AND WILDLIFE SERVICE AFFILIATION

The U.S. Fish and Wildlife Service (the Service) authorized the Association to use the facilities at the Kilauea Point Visitor Center to sell and distribute educational and interpretive materials for the benefit of the visiting public.

The facilities are made available to the Association at no charge. The fair market value of this grant has not been reflected in the financial statements as the value is hard to estimate and the Service has the right to terminate this agreement at any time upon 60 days written notice.

Note 4. PENSION PLAN

The Association has adopted a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) covering all employees meeting the eligibility requirements. At the discretion of the Board, the Association may contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary deduction up to a limit of 3% of the employee's compensation for the year. During the years ended September 30, 2023 and 2022, the Association contributed \$-0- into the pension plan.

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Notes to the Financial Statements
September 30, 2023

Note 5. NET ASSETS

In accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include all resources that are not subject to donor-imposed stipulations or contributions with donor-imposed restrictions that are met during the same year as the contribution is made. Net assets without donor restrictions denoted as property and equipment represent equity in such property and equipment. Included in net assets without donor restrictions are Board of Directors Designated net assets. During fiscal year 2023, the Board of Directors released restrictions for the Daniel Moriarty Memorial Scholarship and Lighthouse Maintenance fund. Board of Directors Designated net assets without donor restrictions consist of the following at September 30:

	2023	2022
Daniel Moriarty Memorial Scholarship	\$ -	\$ 33,894
Lighthouse Maintenance	-	5,107
	\$ -	\$ 39,001

Net assets with donor restrictions include amounts that the donor subjects to restrictions in perpetuity and amounts subject to legal or donor-imposed stipulations that may or will be met either by actions of the Association and/or passage of time. Net assets with donor restrictions consist of the following at September 30:

	2023	2022
Light House Maintenance	\$ 22,447	\$ 26,704
Huleia NWR Kayak Fees	6,293	6,293
Birds of Kilauea Point Book Project	2,361	3,861
Hanalei Water Restoration Project	-	20,000
	\$ 31,101	\$ 56,858

Note 6. INCOME TAX POSITIONS

Kilauea Point Natural History Association dba Friends of Kaua'i Wildlife Refuges adopted the provisions of ASC 740, Income Taxes, on October 1, 2008. As required by the uncertain tax position guidance in ASC 740, the Association would recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position after an audit. At the adoption date, the Association applied the uncertain tax position guidance in ASC 740 to all tax positions for which the statute of limitations has remained open, including the Association's status as a tax-exempt organization and its lack of unrelated business income. As a result of the implementation of the uncertain tax position guidance in ASC 740, the Association has not recognized an additional liability for unrecognized tax benefits nor any interest or penalties as of September 30, 2023. Management does not anticipate that this will change significantly in the next twelve months.

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Notes to the Financial Statements
September 30, 2023

Note 6. INCOME TAX POSITIONS (Continued)

The Association files income tax returns in the U. S. federal jurisdiction and the State of Hawaii. Tax regulations within each jurisdiction are subject to interpretation of the related tax laws and regulations and require significant judgment to apply. The Association is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before fiscal year 2020.

Note 7. RECONCILIATION OF CHANGES IN ASSETS WITH NET CASH PROVIDED BY OPERATING ACTIVITIES

	2023	2022
Changes in Net Assets	\$ 125,949	\$ 79,454
Depreciation	2,178	1,353
Adjustments to Reconcile:		
Change in Inventory	(25,647)	(40,581)
Change in Prepaid Expenses	(16,324)	-
Change in Accounts Payable and Accrued Expenses	15,969	1,216
Net Changes Provided by Operating Activities	\$ 102,125	\$ 41,442

Note 8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Management's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Financial Assets at September 30, 2023	\$ 344,749
Less those unavailable to general expenditures within one year due to:	
Net Assets With Donor Restrictions	(31,101)
Financial assets available to meet cash needs for general expenditures within one year	\$ 313,648

Note 9. FAIR VALUE MEASUREMENTS

The Association implemented ASC 820-10-50-1, as amended by ASU 2018-13, which establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Notes to the Financial Statements
September 30, 2023

Note 9. FAIR VALUE MEASUREMENTS (Continued)

This fair value hierarchy consists of three broad levels.

- Level 1 inputs consist of unadjusted quoted prices in active markets such as stock exchanges for identical assets and have the highest priority.
- Level 2 inputs consist of significant other observable inputs such as quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs consist of significant unobservable inputs and include situations where there is little, if any, market activity for the investment. The inputs require significant judgment or estimates, such as those associated with discounted cash flow methodologies and appraisals.

Fair values of assets measured on a recurring basis are as follows, there are no liabilities or other assets measured at fair value on a recurring or non-recurring basis.

Assets	Total as of September 30, 2023	Quoted Prices Level 1	Significant Other Inputs Level 2	Significant Non- Observable Inputs Level 3
Certificates of Deposit	\$ 66,161	\$ 66,161	\$ -	\$ -

Assets	Total as of September 30, 2022	Quoted Prices Level 1	Significant Other Inputs Level 2	Significant Non- Observable Inputs Level 3
Certificates of Deposit	\$ 40,221	\$ 40,221	\$ -	\$ -

Note 10. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 1, 2024, the date the financial statements were available to be issued. There are no recognized subsequent events, events that provide additional evidence about conditions that existed at the statement of financial position date, or non-recognized subsequent events, or events that provide evidence about conditions that did not exist at the statement of financial position date, which are necessary to disclose to keep the financial statements from being misleading.

KILAUEA POINT NATURAL HISTORY ASSOCIATION
DBA FRIENDS OF KAUA'I WILDLIFE REFUGES

Notes to the Financial Statements
September 30, 2023

Note 11. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The Association elected to adopt these ASUs effective October 1, 2022 and the adoption had no impact on the Association's financial statements as they do not have any material leases which are required to be recorded under the standard.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. The standard's main goal is to improve financial reporting by requiring earlier recognition of credit losses on financing receivables and other financial assets in scope. For entities that have adopted the amendments in ASU 2016-13, the amendments in this update are effective for fiscal years beginning after December 15, 2022. The provisions are effective for the Association's fiscal year ending September 30, 2024. Management does not expect ASU 2016-13 to impact the financial statements.

Note 12. DONATED SERVICES, MATERIALS, AND FACILITIES

The Association follows FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 985): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services.

Contributions of donated services or materials that create or enhance non-financial assets or that require specialized skills, and are provide by individuals possessing those skills, and would typically need to be purchased if not provided donation, are recorded at fair value in the period received. Donated materials at September 30, 2023 and 2022, were \$690 and \$-0-, respectively.

Note 13. EMPLOYEE RETENTION CREDITS

During the year ended September 30, 2023, the Association applied for the Employee Retention Credit (ERC) under the Coronavirus Aid, Relief and Economic Securities (CARES) Act. Under the ERC program, the Association is to be refunded for the employer's portion of Social Security taxes withheld on qualified wages. The amount of credit is limited to 50 to 70 percent of the qualified wages. Total amount of the credit was \$42,048 recognized as revenue for the year ended September 30, 2023.