

**O'AHU RESOURCE
CONSERVATION & DEVELOPMENT COUNCIL**

FINANCIAL STATEMENTS

**YEARS ENDED DECEMBER 31, 2017 AND 2016
(With Independent Accountant's Review Report)**

TABLE OF CONTENTS

	<u>Pages</u>
Independent Accountant's Review Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5-8

CHOO, OSADA & LEE, CPAs, INC.
CERTIFIED PUBLIC ACCOUNTANTS

1136 12TH AVENUE
SUITE 240
HONOLULU, HAWAII 96816

TELEPHONE (808) 734-1921

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
O'ahu Resource Conservation & Development Council
Kunia, Hawaii

We have reviewed the accompanying financial statements of O'ahu Resource Conservation & Development Council (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years 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 management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagements 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.

Accountant's Conclusion

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

Choo, Osada & Lee, CPAs, Inc.

Honolulu, Hawaii
November 1, 2018

**O'AHU RESOURCE CONSERVATION & DEVELOPMENT COUNCIL
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 188,579	148,260
Accounts receivable	61,028	97,766
Inventory	-	950
Prepaid expenses	-	353
Property, plant, and equipment, net of accumulated depreciation	-	-
	<u>249,607</u>	<u>247,329</u>
Total assets	<u><u>249,607</u></u>	<u><u>247,329</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	27,611	38,005
Deferred revenue	15,138	9,313
	<u>42,749</u>	<u>47,318</u>
Net assets		
Unrestricted	152,288	94,983
Temporarily restricted	54,570	105,028
	<u>206,858</u>	<u>200,011</u>
Total liabilities and net assets	<u><u>\$ 249,607</u></u>	<u><u>247,329</u></u>

See accompanying notes and accountant's report.

O'AHU RESOURCE CONSERVATION & DEVELOPMENT COUNCIL
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Unrestricted net assets		
Support and revenue		
Contributions and grants	\$ 412,116	227,144
Program service fees	50,672	63,713
Investment income	19	25
Sales of cover crop seed	1,516	16,127
Miscellaneous income	213	-
	<u>464,536</u>	<u>307,009</u>
Net assets released from restrictions	<u>236,907</u>	<u>249,086</u>
	<u>701,443</u>	<u>556,095</u>
Expenses		
Program services	614,443	508,826
Management and general	28,378	55,972
Fundraising	-	35
Cost of cover crop seed sales	1,317	5,718
	<u>644,138</u>	<u>570,551</u>
Increase (decrease) in unrestricted net assets	<u>57,305</u>	<u>(14,456)</u>
Temporarily restricted net assets		
Contributions and grants	186,449	273,190
Net assets released from restrictions	<u>(236,907)</u>	<u>(249,086)</u>
Increase (decrease) in temporarily restricted net assets	<u>(50,458)</u>	<u>24,104</u>
Increase in net assets	6,847	9,648
Net assets		
At beginning of year	<u>200,011</u>	<u>190,363</u>
At end of year	<u>\$ 206,858</u>	<u>200,011</u>

See accompanying notes and accountant's report.

O'AHU RESOURCE CONSERVATION & DEVELOPMENT COUNCIL
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Increase in net assets	\$ 6,847	9,648
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
(Increase) decrease in		
Accounts receivable	36,738	(76,850)
Inventory	950	(697)
Prepaid expenses	353	2,627
Increase (decrease) in		
Accounts payable and accrued liabilities	(10,394)	25,106
Deferred revenue	5,825	7,121
	<u>40,319</u>	<u>(33,045)</u>
Net cash provided (used) by operating activities		
	40,319	(33,045)
Net increase (decrease) in cash and cash equivalents		
	<u>148,260</u>	<u>181,305</u>
Cash and cash equivalents at beginning of year		
	<u>\$ 188,579</u>	<u>148,260</u>
Cash and cash equivalents at end of year		

See accompanying notes and accountant's report.

**O'AHU RESOURCE CONSERVATION & DEVELOPMENT COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 - NATURE OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND USE OF ESTIMATES

Nature of organization

O'ahu Resource Conservation & Development Council (Council) is a nonprofit corporation organized under the laws of the State of Hawaii. Its activities relate primarily to agricultural development and natural resource conservation on the island of O'ahu, State of Hawaii. The Council is funded primarily through contracts and grants with a variety of governmental and private entities.

Cash and cash equivalents

For purposes of the statement of cash flows, the Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable

Contributions and grants receivable are recorded when requests for contract reimbursements or grant funds have been made. Program service fees receivable is recorded when the program service is provided. Accounts receivable are written off when they are deemed to be uncollectible. Allowances for doubtful accounts are based on management's evaluation of collection efforts.

Inventory

Seed inventory is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first out method.

Property and equipment

Property and equipment is recorded at cost or fair value at date of donation and depreciated using the straight-line method over the estimated useful lives of the assets.

The Council's policy is to capitalize property and equipment over \$3,000.

Support and revenue

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Program service revenue are recorded when program services are provided. Revenue received which has not been earned is recorded as deferred income.

Income taxes

The Council is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and is classified as an organization that is not a private foundation by the Internal Revenue Service; the Council is also exempt from state income taxes under Section 235 of the Hawaii Revised Statutes.

Functional allocation of expenses

The costs of providing program services and other supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

See accountant's report.

**O'AHU RESOURCE CONSERVATION & DEVELOPMENT COUNCIL
 NOTES TO FINANCIAL STATEMENTS - continued
 DECEMBER 31, 2017 AND 2016**

**NOTE 1 - NATURE OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND
 USE OF ESTIMATES – continued**

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of deposits in a Hawaii bank.

NOTE 3 – ACCOUNTS RECEIVABLE

At December 31, 2017 and 2016, accounts receivable consisted of the following:

	2017	2016
Contracts	\$ 57,378	76,512
Grants	-	9,000
Program service fees	3,650	12,144
Seed sales	-	110
	\$ 61,028	97,766

See accountant's report.

O'AHU RESOURCE CONSERVATION & DEVELOPMENT COUNCIL
NOTES TO FINANCIAL STATEMENTS - continued
DECEMBER 31, 2017 AND 2016

NOTE 4 - PROPERTY AND EQUIPMENT

At December 31, 2017 and 2016, property and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Equipment	\$ -	65,635
Less accumulated depreciation	-	65,635
	<u>\$ -</u>	<u>-</u>

For the year ended December 31, 2016, the use of a substantial portion of the Council's property and equipment was provided free of charge to certain other organizations. The fair value of the use of that property and equipment for the year ended 2016 was estimated at approximately of \$4,000 and was recorded as rental income and program expense in the accompanying statement of activities.

NOTE 5 – LINE OF CREDIT

At December 31, 2017 and 2016, the Council had a line of credit agreement with a bank that provided for borrowings of up to \$30,000.

NOTE 6 - NET ASSETS

At December 31, 2017 and 2016, temporarily restricted net assets were restricted as follows:

	<u>2017</u>	<u>2016</u>
Community capacity building	\$ 12,516	58,338
Conservation	2,372	26,769
Organizational support	-	14,255
Research and education	39,682	1,166
Other	-	4,500
	<u>\$ 54,570</u>	<u>105,028</u>

See accountant's report.

**O'AHU RESOURCE CONSERVATION & DEVELOPMENT COUNCIL
NOTES TO FINANCIAL STATEMENTS - continued
DECEMBER 31, 2017 AND 2016**

NOTE 7 – CONTRIBUTIONS AND GRANTS

For the year ended December 31, 2017, approximately 51% of the Council's contributions and grants were from government agencies.

For the year ended December 31, 2016, approximately 63% of the Council's contributions and grants were from government agencies and a foundation.

NOTE 8 – EMPLOYEE BENEFIT PLAN

The Council has a defined contribution plan under Section 401(k) of the Internal Revenue Service Code covering all employees who meet the age requirement specified in the plan. An employee who is a member of the plan may elect to contribute a portion of his wages to the plan. For each of the years ended December 31, 2017 and 2016, the Council made matching contributions of up to 5% of a plan member's wages based on the plan member's contribution; those contributions amounted to approximately \$5,000 and \$2,000 respectively.

NOTE 9 – INCOME TAXES

Tax years that remain subject to examination are the years ended December 31, 2015 and forward.

NOTE 10 – DATE OF MANAGEMENT REVIEW

Subsequent events have been evaluated through November 1, 2018, the date the financial statements were available to be issued.

See accountant's report.