

Hawaiian Islands Land Trust
d.b.a. Hawai‘i Land Trust

Financial Statements

December 31, 2021 and 2020



AKAMINE, OYADOMARI & KOSAKI
CPA'S, INC.

Hawaiian Islands Land Trust, d.b.a. Hawai‘i Land Trust

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Independent Auditor's Report

To the Board of Directors
Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Opinion

We have audited the accompanying financial statements of the Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Akamine, Oyadomari + Kosaki CPAs, Inc.

Honolulu, Hawai'i
June 17, 2022



Hawaiian Islands Land Trust, d.b.a Hawai'i Land Trust

Statements of Financial Position
as of December 31, 2021 and 2020

	Assets	
	2021	2020
Current assets:		
Cash and cash equivalents	\$ 6,529,423	\$ 3,178,561
Investments (Note D)	10,093	10,156
Contributions receivable (Note E)	59,743	84,743
Government grants receivable	20,503	16,600
Silent auction inventory	34,456	-
Prepaid expenses and other	7,028	-
Total current assets	<u>6,661,246</u>	<u>3,290,060</u>
Other assets:		
Contributions receivable (Note E)	10,000	65,000
Deposits (Note K)	26,402	1,402
Property and equipment -		
Land held for conservation	12,043,787	12,043,787
Land held for sale	-	590,000
Furniture and equipment	159,375	132,929
Total property and equipment	<u>12,203,162</u>	<u>12,766,716</u>
Less: accumulated depreciation	<u>(103,293)</u>	<u>(89,116)</u>
Net property and equipment	<u>12,099,869</u>	<u>12,677,600</u>
Total other assets	<u>12,136,271</u>	<u>12,744,002</u>
Total assets	<u>\$ 18,797,517</u>	<u>\$ 16,034,062</u>

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



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Statements of Financial Position (continued)

as of December 31, 2021 and 2020

	2021	2020
Liabilities and Net Assets		
Current liabilities:		
Accrued liabilities	\$ 64,014	\$ 57,581
Accrued paid leave	22,508	21,608
Deferred revenue	101,768	-
Paycheck Protection Program note payable (Note I)	-	43,185
Total current liabilities	<u>188,290</u>	<u>122,374</u>
Long-term liabilities:		
Paycheck Protection Program note payable (Note I)	-	49,615
Total liabilities	<u>188,290</u>	<u>171,989</u>
Net assets:		
Net assets without donor restrictions -		
Unrestricted	2,117,789	1,227,141
Board designated (Note F)	85,539	82,374
Total net assets without donor restrictions	<u>2,203,328</u>	<u>1,309,515</u>
Net assets with donor restrictions -		
Purpose or time (Note G)	4,364,798	2,511,457
Perpetual (Note H)	12,041,101	12,041,101
Total net assets with donor restrictions	<u>16,405,899</u>	<u>14,552,558</u>
Total net assets	<u>18,609,227</u>	<u>15,862,073</u>
Total liabilities and net assets	<u>\$ 18,797,517</u>	<u>\$ 16,034,062</u>

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



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Statements of Activities

for the years ended December 31, 2021 and 2020

	2021	2020
Change in net assets without donor restrictions:		
Revenue and other support -		
Contributions of cash and other financial assets	\$ 1,294,847	\$ 573,940
Gain on forgiveness of note payable (Note I)	195,955	-
Gain on sales of land (Note J)	147,803	187,401
Contributions of nonfinancial assets (Note J)	16,592	72,000
Rental income	12,600	12,400
Interest and other income	1,263	6,561
Special events, net of \$79,543 direct expenses in 2020	-	48,788
Net assets released from restrictions (Note G) -		
Satisfaction of donor restrictions	651,132	250,159
Total revenue and other support	2,320,192	1,151,249
Expenses -		
Program services	1,116,624	829,176
Management and general	71,529	69,801
Fundraising	238,226	194,041
Total expenses	1,426,379	1,093,018
Change in net assets without donor restrictions	893,813	58,231
Change in net assets with donor restrictions:		
Contributions of cash and other financial assets	2,470,017	724,766
Contributions of nonfinancial assets (Note J)	34,456	-
Net assets released from restrictions	(651,132)	(250,159)
Change in net assets with donor restrictions	1,853,341	474,607
Change in net assets	2,747,154	532,838
Net assets at beginning of year	15,862,073	15,329,235
Net assets at end of year	\$ 18,609,227	\$ 15,862,073

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



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Statement of Functional Expenses for the year ended December 31, 2021

	Program Services	Supporting Activities		Total
		Management and General	Fundraising	
Salaries and related expenses:				
Salaries	\$ 477,935	\$ 40,451	\$ 96,071	\$ 614,457
Payroll taxes	64,898	7,112	16,891	88,901
Benefits and insurance	46,785	5,127	12,177	64,089
Total salaries and related expenses	<u>589,618</u>	<u>52,690</u>	<u>125,139</u>	<u>767,447</u>
Other expenses:				
Land maintenance	327,438	-	-	327,438
Professional fees	42,363	4,156	22,472	68,991
Printing and duplication	2,519	276	40,659	43,454
Rent and utilities	30,623	3,356	7,970	41,949
Publicity and advertising	22,218	2,435	5,783	30,436
Travel and meetings	18,146	1,990	4,722	24,858
Construction and field materials	23,239	-	-	23,239
Consultants and contractors	12,927	1,416	3,365	17,708
Depreciation	10,349	1,134	2,694	14,177
Insurance	8,266	906	2,151	11,323
Supplies and software	7,216	791	1,878	9,885
Postage and shipping	7,090	777	1,845	9,712
Bank, credit, and finance fees	26	2	8,508	8,536
Communications	5,522	606	1,437	7,565
Donor and member expenses	-	-	6,286	6,286
Other	9,064	994	3,317	13,375
Total other expenses	<u>527,006</u>	<u>18,839</u>	<u>113,087</u>	<u>658,932</u>
Total expenses	<u>\$ 1,116,624</u>	<u>\$ 71,529</u>	<u>\$ 238,226</u>	<u>\$ 1,426,379</u>

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



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

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

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

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



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Statements of Cash Flows
for the years ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Changes in net assets	\$ 2,747,154	\$ 532,838
Adjustments to reconcile changes in net assets to net cash provided by operating activities -		
Depreciation	14,177	12,014
Loss on investments	10,160	2,846
Contributed securities retained as investments	(10,097)	(9,739)
Gain on forgiveness of notes payable	(195,955)	-
Gain on sales of land	(147,803)	(187,401)
Decrease (increase) in -		
Government grants receivable	(3,903)	(16,600)
Contributions receivable	80,000	30,957
Silent auction inventory	(34,456)	25,467
Prepaid expenses and other	(7,028)	1,195
Increase (decrease) in -		
Accrued expenses	7,333	6,559
Deferred revenues	101,768	(67,067)
Net cash provided by operating activities	2,561,350	331,069
Cash flows from investing activities:		
Proceeds from sales of land	737,803	747,401
Payments for purchases of land	(25,000)	-
Purchases of furniture and equipment	(26,446)	(30,238)
Purchases of investments	-	(556,792)
Sales of investments	-	1,105,811
Net cash provided by investing activities	686,357	1,266,182
Cash flows from financing activities:		
Proceeds from note payable	103,155	92,800
Net cash provided by financing activities	103,155	92,800
Net change in cash and cash equivalents	3,350,862	1,690,051
Cash and cash equivalents at beginning of year	3,178,561	1,488,510
Cash and cash equivalents at end of year	\$ 6,529,423	\$ 3,178,561
Supplemental disclosure of cash flow information:		
Contributed securities received	\$ 504,928	\$ 15,736

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



Hawaiian Islands Land Trust, d.b.a. Hawai‘i Land Trust

Notes to the Financial Statements

NOTE A - NATURE OF ACTIVITIES

Hawai‘i Land Trust works in three ways: the Organization protects land, stewards land, and connects people to the land. Through purchases and conservation easements, the Organization protects coastlines, wahi kupuna (Hawaiian cultural landscapes), and lands that grow food for Hawai‘i’s people. The Organization stewards those protected lands in partnership with the surrounding local communities, often restoring native ecosystems, and places of thriving cultural practice. Last but not least, Hawai‘i Land Trust connects people to those lands by welcoming schools, community groups, Hawaiian cultural practitioners, lineal descendants and visitors to deepen their connection to ‘aina (the lands that sustain us).

As of December 31, 2021, the Organization held 46 conservation easements on approximately 18,037 acres of land. These lands comprise 59 places that sustain current and future generations, from the fertile soils of local farms and ranches, to native forests creating drinking water, to coastlines rejuvenating us and providing fish, to historical landscapes where we pass on the traditions and cultural practices of these islands.

The Organization started out as four smaller island-specific land trusts on Maui Nui, Kaua‘i, O‘ahu and Hawai‘i island. The dedicated people who started each land trust attracted others who also cared deeply for Hawai‘i’s lands and waters, and each land trust grew and protected more lands through purchases and conservation easements. In February 2001, Maui Coastal Land Trust, Inc. was incorporated under the laws of the State of Hawai‘i as a nonprofit corporation. On January 1, 2011, to work more efficiently and have greater positive impact throughout Hawai‘i, 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 Organization began operating under the name Hawai‘i Land Trust.

The Organization receives contributions from individuals, businesses, private foundations, and government agencies. These funds are used to further the Organization’s mission to protect and steward the lands that sustain Hawai‘i, and teach future generations to do the same.

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.



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Notes to the Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are carried at fair value on the statements of financial position. The Organization's investments include U.S. equity securities at December 31, 2021 and 2020. 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.

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 five to 40 years. No depreciation is recorded on conservation property. Land held in fee by the Organization for conservation is presented as land held for conservation on the statements of financial position.

In accordance with the Organization's mission to protect land in perpetuity, the Organization applies deed restrictions or grants conservation easements to acquired land to limit the potential for future development. As a result, the recorded value of the land held by the Organization has been adjusted to reflect the impact of these limitations.

Conservation Easements

The Organization has acquired a number of conservation easements, which are perpetual legal restrictions on 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



Hawaiian Islands Land Trust, d.b.a. Hawai‘i Land Trust

Notes to the Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Conservation Easements (continued)

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.

Deferred Revenue

Deferred revenue consists of payments received for the lū‘au benefit fundraiser from event attendees and sponsors for a fundraiser to be held in the following year. 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 eight 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 to carryover more hours. 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.

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.



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Notes to the Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2018 through 2021 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.

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.



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Notes to the Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Reclassifications

Certain balances in the 2020 financial statements have been reclassified to conform with the 2021 presentation. These reclassifications had no effect on net assets or the change in net assets as previously reported.

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, 2021, 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 \$5,138,000. The Organization also maintained cash balances with two online payment systems. As of December 31, 2021, 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. The fair value of these accounts amounted to \$5,019,892 and \$1,511,712 at December 31, 2021 and 2020, respectively. These accounts are included in current assets on the statements of financial position.

NOTE D - INVESTMENTS

Investments at December 31, 2021 consisted of a U.S. equity security with fair value of \$10,093 and unrealized loss of \$4. At December 31, 2020, investments consisted of a U.S. equity security with fair market value of \$10,156 and unrealized gain of \$417.

Management has designated the investment account holding the equity security at December 31, 2021 for stewardship. The account holding the equity security at December 31, 2020 is not restricted by donors or designated by management.



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Notes to the Financial Statements

NOTE D - INVESTMENTS (continued)

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.

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, 2021 and 2020, investments were valued based on Level 1 measurements.



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Notes to the Financial Statements

NOTE E - CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2021 and 2020 consisted of contributions expected to be collected as follows:

	2021	2020
Within one year	\$ 59,743	\$ 84,743
One to five years	10,000	65,000
Total contributions receivable	69,743	149,743
Less: reserve for uncollectible contributions	-	-
Net contributions receivable	\$ 69,743	\$ 149,743

At December 31, 2021 and 2020, 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.

NOTE F - BOARD DESIGNATED NET ASSETS

At December 31, 2021 and 2020, the Organization's Board of Directors designated \$85,539 and \$82,374, 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 the Organization. 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, 2021 and 2020, net assets with purpose or time donor restrictions consisted of the following:

	2021	2020
Restricted for the following purposes:		
Stewardship - general	1,168,843	948,843
Easement acquisition	1,444,862	648,540
Legal defense	41,877	32,000
Talk story app	15,527	19,412
KUPU workforce	-	4,619
<i>Maui</i>		
Nisei Veterans Park	143,895	155,955
‘Āina-based education	133,731	50,000
Maui fundraiser 2022	34,456	-
Nu‘u Refuge	9,500	-
Waihe‘e	8,812	26,000
‘Ulupalakua Ranch	-	32,600
Subtotal carried forward	3,001,503	1,917,969



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Notes to the Financial Statements

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

	2021	2020
Subtotal brought forward	3,001,503	1,917,969
<i>O'ahu</i>		
O'ahu stewardship	100,000	120,000
Windward O'ahu protection	92,824	42,824
Waikalua Loko I'a	64,142	-
Agricultural initiative	48,000	-
Kahumana Farms	46,335	-
Maunawila	19,952	-
Hakipu'u lo'i kalo	-	19,945
<i>Kaua'i</i>		
Kāhili preserve	681,157	73,976
Kaua'i farmland purchase	30,000	20,000
<i>Hawai'i Island</i>		
Maka'alaie, Waikapū, and Hāloa 'Āina	107,000	142,000
Māhukona	104,142	25,000
Subtotal - restricted for purpose	4,295,055	2,361,714
Implicit time restrictions:		
Contributions receivable	69,743	149,743
Subtotal - implicit time restrictions	69,743	149,743
Total net assets with donor restrictions - purpose or time restricted	\$ 4,364,798	\$ 2,511,457

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:

	2021	2020
Legal defense	\$ 5,123	\$ -
Talk story app	3,885	11,788
Other	6,009	13,539
<i>Maui</i>		
Kihei wetlands	50,000	-
Waihe'e	34,687	34,853
'Ulupalakua Ranch	32,600	-
'Āina-based education	21,269	-
Nisei Veterans Park	12,060	8,846
Nu'u Refuge	500	-
Maui fundraiser	-	25,467
Subtotal carried forward	166,133	94,493



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Notes to the Financial Statements

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

	2021	2020
Subtotal brought forward	166,133	94,493
<i>O'ahu</i>		
Maunawila	127,760	49,990
O'ahu stewardship	20,000	-
Waikalua Loko I'a	20,000	-
Hakipu'u lo'i kalo	19,946	16,220
Kahumana Farms	3,665	-
<i>Kaua'i</i>		
Kāhili preserve	117,819	23,499
<i>Hawai'i Island</i>		
Māhukona	60,809	-
Maka'alaē, Waikapū, and Hāloa 'Āina	35,000	-
Total purpose restrictions satisfied	571,132	184,202
Contributions receivable	80,000	65,957
Total implicit time restrictions satisfied	80,000	65,957
Total restrictions released	\$ 651,132	\$ 250,159

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS – PERPETUAL

At December 31, 2021 and 2020, net assets with perpetual donor restrictions consisted of the following:

	2021	2020
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.

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.



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Notes to the Financial Statements

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

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

During 2021 and 2020, the Organization received \$103,155 and \$92,800, respectively, in exchange for notes payable to a financial institution under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136 (CARES Act), as amended by subsequent legislation. Both notes payable were forgiven in 2021 in accordance with the requirements of the CARES Act, as amended, and the amounts are recognized as a gain on the 2021 statement of activities.

The Organization received approximately \$89,000 in CARES Act funding during 2020 which were 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, 2021 and 2020, the Organization received the following contributions of nonfinancial assets that were recognized on the statements of activities:

	2021	2020
Silent auction donations	\$ 34,456	\$ -
Office space	9,000	9,000
Social media advertising	4,532	-
Other	3,060	-
Dinner, facilities, and entertainment for Maui fundraiser	-	63,000
Total	<u>\$ 51,048</u>	<u>\$ 72,000</u>

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.

During 2019, the Organization received a contribution of six agricultural-residential land parcels on Hawai'i island and recognized as land and measured at the appraised value based on recent comparable sales on Hawai'i island. The Organization sold three parcels each year in 2021 and 2020 as follows:

	2021	2020
Sale price	\$ 770,000	\$ 780,000
Less: Book value	(590,000)	(560,000)
Less: Commissions and fees	(32,197)	(32,599)
Net gain on sales of land	<u>\$ 147,803</u>	<u>\$ 187,401</u>



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Notes to the Financial Statements

NOTE J - CONTRIBUTED NONFINANCIAL ASSETS (continued)

\$8,063 and \$14,966 of the commissions for 2021 and 2020, respectively, were paid to a real estate agency related through a Director of the Organization.

NOTE K - LEASES AND COMMITMENTS

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.

Waihe'e

In 2008, the Organization entered into an exclusive 15-year license agreement with HawaiiScapes, LLC for stewardship services for the Waihe'e Coastal Dunes and Wetlands Refuge. These services include land management, fence maintenance, and pasture improvements. All services provided must comply with National Resources Conservation Services' Environmental Quality Incentive Program's grant requirements.

Māhukona

In connection with the Organization's initiative to protect the Māhukona Navigation & Cultural Complex on Hawai'i island, the Organization agreed to assume primary responsibility for maintenance and preservation of the land. The current landowner reimburses the Organization for up to \$7,500 per quarter in direct costs in 2021 and up to \$12,500 per quarter beginning in 2022. The Organization also entered into a purchase option agreement with the current landowner for a \$25,000 deposit. The deposit is non-refundable but will be applied to the final purchase price of the land. These agreements expire concurrently in December 2023.

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 2021 or 2020.



Hawaiian Islands Land Trust, d.b.a. Hawai'i Land Trust

Notes to the Financial Statements

NOTE L - RELATED-PARTY TRANSACTIONS

The Organization receives contributions from certain board members, their immediate families, and through organizations related to certain board members or their immediate families. Contributions recognized from these related parties amounted to approximately \$31,000 and \$52,000 in 2021 and 2020, respectively. Contributions receivable from related parties amounted to \$20,000 and \$40,000 at December 31, 2021 and 2020, respectively.

NOTE M - 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, 2021 and 2020.

NOTE N - LIQUIDITY

The Organization has approximately \$2,325,000 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 \$6,540,000 are reduced by donor-imposed purpose restrictions on net assets of \$4,295,000. Contributions and grants receivable amount to \$90,000, of which \$80,000 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 O - NEW ACCOUNTING PRONOUNCEMENT

During 2021, the Organization adopted Accounting Standards Update 2016-02, *Leases*. The standard requires assets and liabilities to be recognized for all long-term leases. The Organization has elected to adopt the lease standard retrospectively as of January 1, 2021. The adoption of the standard had no effect on net assets.

NOTE P - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for potential required disclosures through June 17, 2022, the date the financial statements were available to be issued.

