

**OUTRIGGER DUKE KAHANAMOKU
FOUNDATION AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2021
With Prior Year Comparative Information
And Independent Auditor's Report**



CW Associates
A Hawaii Certified Public Accounting Corporation



INDEPENDENT AUDITOR'S REPORT

Outrigger Duke Kahanamoku Foundation and affiliate:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Outrigger Duke Kahanamoku Foundation (Foundation) and its affiliate, both of which are nonprofit Hawaii corporations, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to an entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation and its affiliate as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Comparative Information

We have previously audited the consolidated financial statements of the Foundation and its affiliate as of and for the year ended June 30, 2020, and our report dated February 15, 2021, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the accompanying prior year comparative information is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

CW ASSOCIATES, CPAs

Honolulu, Hawaii
February 9, 2022

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash (including interest-bearing accounts)	\$ 188,917	\$ 149,125
Contributions and other receivables – net	552	597
Prepaid expenses and other assets	2,127	6,000
Investments in marketable securities	<u>2,119,373</u>	<u>1,843,245</u>
TOTAL ASSETS	<u>\$2,310,969</u>	<u>\$1,998,967</u>
LIABILITIES		
Accounts payable	\$ 32,006	\$ 2,356
Deferred revenue	<u>10,000</u>	<u>10,000</u>
Total liabilities	<u>42,006</u>	<u>12,356</u>
NET ASSETS		
Net assets without donor restrictions		
Undesignated	1,354,169	1,114,027
Board designated as Memorial Funds	914,794	872,584
Total net assets without donor restrictions	<u>2,268,963</u>	<u>1,986,611</u>
Total net assets	<u>2,268,963</u>	<u>1,986,611</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,310,969</u>	<u>\$1,998,967</u>

See accompanying notes to the consolidated financial statements.

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

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

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and revenue		
Contributions without donor restrictions	\$ 145,397	\$ 83,383
Other special events – net	-	72,494
OceanFest – net	-	16,289
Interest and dividend income – net	11,657	44,498
Net assets released from donor restrictions	1,000	10,429
Other revenue and support	3,827	10,601
Total support and revenue	<u>161,881</u>	<u>237,694</u>
Expenses		
Program services	141,163	121,757
Management and general	54,061	48,206
Fundraising	47,359	29,761
Total expenses	<u>242,583</u>	<u>199,724</u>
Support and revenue less expenses	(80,702)	37,970
Net gains on investments in marketable securities	363,054	9,837
Increase in net assets without donor restrictions	<u>282,352</u>	<u>47,807</u>
 CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions with donor restrictions	1,000	5,074
Net assets released from donor restrictions	<u>(1,000)</u>	<u>(10,429)</u>
Decrease in net assets with donor restrictions	<u>-</u>	<u>(5,355)</u>
 INCREASE IN NET ASSETS	282,352	42,452
 NET ASSETS – Beginning of year	<u>1,986,611</u>	<u>1,944,159</u>
 NET ASSETS – End of year	<u>\$2,268,963</u>	<u>\$1,986,611</u>

See accompanying notes to the consolidated financial statements.

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

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

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Scholarships	\$ 98,486	\$ -	\$ -	\$ 98,486	\$ 42,176
Coordinators	18,879	21,576	13,485	53,940	56,700
Travel and entertainment	-	-	-	-	35,498
Professional fees	420	30,394	367	31,181	31,103
Website development	7,197	-	9,433	16,630	21,193
Grants	14,705	-	-	14,705	45,226
Advertising and promotion	-	-	10,501	10,501	220,377
Contract services	-	-	6,000	6,000	179,780
Office and administrative	1,077	1,438	2,882	5,397	13,025
Supplies	85	53	2,418	2,556	97,502
Printing and postage	66	66	221	353	6,023
General excise tax	-	-	127	127	7,799
Other expenses	248	534	1,925	2,707	21,603
Total expenses	<u>141,163</u>	<u>54,061</u>	<u>47,359</u>	<u>242,583</u>	<u>778,005</u>
Special event direct expenses reported net with revenue on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(578,281)</u>
Total expenses on the statement of activities	<u><u>\$141,163</u></u>	<u><u>\$54,061</u></u>	<u><u>\$47,359</u></u>	<u><u>\$242,583</u></u>	<u><u>\$199,724</u></u>

See accompanying notes to the consolidated financial statements.

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 282,352	\$ 42,452
Adjustments to reconcile increase in net assets to net cash used by operating activities		
Realized (gains) losses from sales of investments in marketable securities	(96,593)	9,880
Unrealized gains from holding investments in marketable securities	(266,461)	(19,717)
Decrease in		
Contributions and other receivables – net	45	135
Prepaid expenses and other assets	3,873	1,318
Increase (decrease) in		
Accounts payable	29,650	(14,681)
Deferred revenue	-	(24,361)
Net cash used by operating activities	<u>(47,134)</u>	<u>(4,974)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments in marketable securities	1,214,385	2,240,461
Purchases of investments in marketable securities	<u>(1,127,459)</u>	<u>(2,259,946)</u>
Net cash provided (used) by investing activities	<u>86,926</u>	<u>(19,485)</u>
NET INCREASE (DECREASE) IN CASH	39,792	(24,459)
CASH – Beginning of year	<u>149,125</u>	<u>173,584</u>
CASH – End of year	<u>\$ 188,917</u>	<u>\$ 149,125</u>

See accompanying notes to the consolidated financial statements.

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity

The Outrigger Duke Kahanamoku Foundation (Foundation) was created in honor of one of Hawaii's greatest athletes, three-time Olympic Gold Medalist and Native Hawaiian Duke Kahanamoku, whose Olympic career spanned 20 years. The Foundation is the result of a merger in February 1986 of the Outrigger Foundation and the Duke Kahanamoku Foundation, nonprofit Hawaii corporations organized for comparable charitable and community purposes. The Foundation's affiliate, ODKF Support Inc. (affiliate), was incorporated in Hawaii in October 2008 as a supporting organization of the Foundation.

The objectives of the Foundation are to keep alive the memory of Duke Kahanamoku by helping athletes in Hawaii to participate in athletic competitions and further their education with the hope that they will emulate the remarkable accomplishments and character of Duke Kahanamoku; to financially support the development of individuals and organizations that perpetuate the spirit and legacy of Duke Kahanamoku; to encourage athletes and scholars whose endeavors will contribute to the growth and development of athletics in Hawaii; to support athletic events and participation by teams and individuals ranging from local to international competition; to help individuals in furthering their education; and to assist in preserving, perpetuating, and developing sports and arts that have a special cultural or historical significance to Hawaii.

The Foundation achieves its purpose primarily by awarding athletic grants to teams and individuals for use towards tournaments and competitions; and through scholarship grants, which are given to individual athletes pursuing post high school education. Grantees must meet certain criteria established by the Foundation. The principal fundraising events are the annual OceanFest, a seven-day tribute to Duke Kahanamoku that is operated by the Foundation's affiliate, and the Waterman Hall of Fame Awards Dinner. Due to the COVID-19 pandemic, special events, including OceanFest, were not held during the year-ended June 30, 2021.

The accompanying consolidated financial statements include the accounts of the Foundation and its affiliate. All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Foundation and its affiliate to report information regarding their financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions consist of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation and its affiliate. These net assets may be used at the discretion of the Foundation and its affiliate's management and Board of Directors.

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued)

Net Assets with Donor Restrictions consist of net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation and its affiliate or the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity (none in 2021 and 2020).

The accompanying consolidated financial statements include prior year comparative information that is not in sufficient detail to constitute a complete presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's and its affiliate's consolidated financial statements as of and for the year ended June 30, 2020, from which the information was derived.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates, it is reasonably possible that such estimates may change within the near term, and such differences could be material to the consolidated financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation and its affiliate to credit risk include cash, contributions and other receivables, and investments in marketable securities. Cash on deposit with financial institutions was fully insured at June 30, 2021 and 2020. Management evaluates the credit standings of these financial institutions to ensure that such deposits are adequately safeguarded as required by federal regulations. Contributions and other receivables, which are determined to be collectible or uncollectible based on an assessment by management of the facts and circumstances related to the individual accounts, including historical experience, an assessment of economic conditions, and a review of subsequent collections, have been adjusted for all known doubtful accounts (none at June 30, 2021 and 2020). Investments in marketable securities are fully-insured by federal and private insurance, as represented by the custodian. Future changes in market prices may make such investments less valuable.

Investments in Marketable Securities

Investments in marketable securities are stated at fair value. Net realized and unrealized gains (losses) are determined using the specific identification method.

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expense Recognition

Revenue is recognized when the required goods or services are provided to customers. Amounts received prior to the provision of the goods and services are reported as deferred revenue. Revenue from performance obligations satisfied at a point in time consists of table and ticket sales and auction income, which are included in other special events; and merchandise sales and entry fees, which are included in OceanFest and other revenue and support. Revenue from sources other than performance obligations consists of interest and dividend income and net gains on investments in marketable securities. See Note F for a disaggregation of revenue.

For performance obligations related to table and ticket sales, auction income, merchandise sales, and entry fees, control transfers to the customer at a point in time. The Foundation and its affiliate transfer control and recognize revenue when the special events and OceanFest occur or when the merchandise and auction items are delivered to the customer. The Foundation and its affiliate do not have any significant financing components as payment is received before or at the special events and OceanFest and when the merchandise and auction items are delivered.

The Foundation and its affiliate allocate their expenses on a functional basis among their various programs and supporting services based on estimates by management. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Other expenses that are common to several functions include coordinators, website development, office and administrative, supplies, printing and postage, and other expenses. These expenses are allocated based on time and effort of the coordinator. Advertising and promotion costs, amounting to \$10,501 and \$220,377 for the years ended June 30, 2021 and 2020, respectively, are expensed as incurred.

Contributions

The Foundation and its affiliate recognize contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest are received. Conditional promises to give, which are those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Support is considered to be available for unrestricted use unless restricted by the donor. Donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction is satisfied or expires, net assets with donor restrictions are released to net assets without donor restrictions.

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (continued)

In-kind contributions of goods and services that meet the criteria for recognition are recognized by the Foundation and its affiliate as contributions at the estimated fair market value at the date of donation, and are recorded as expenses or assets in the same amount. Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills that are performed by people with those skills and would otherwise be purchased by the Foundation and its affiliate. A number of unpaid volunteers have made significant contributions of their time to the Foundation and its affiliate. The value of the volunteer time is not reflected in these consolidated financial statements because it does not meet the criteria for recognition.

Hawaii General Excise Tax

The State of Hawaii imposes a general excise tax of 4% on the gross receipts of the Foundation and its affiliate from certain special events within Hawaii, plus an additional 0.5% on such gross receipts within the City and County of Honolulu. Hawaii general excise tax included in OceanFest and other special events amounted to \$127 and \$7,799 for the years ended June 30, 2021 and 2020, respectively.

Income Taxes

The Foundation and its affiliate are exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation is classified as a public charity under Section 509(a)(2), while its affiliate is classified as a supporting organization under Section 509(a)(3) of the U.S. Internal Revenue Code. Accordingly, qualifying contributions to the Foundation or its affiliate are tax deductible.

U.S. GAAP requires uncertain tax positions to be recognized in the consolidated financial statements if they are more likely than not to fail upon regulatory examination. Management has evaluated the tax positions of the Foundation and its affiliate as of June 30, 2021 and 2020 and for the years then ended and determined that they had no uncertain tax positions required to be reported in accordance with U.S. GAAP. The Foundation and its affiliate are subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods.

NOTE B – LIQUIDITY

The Foundation and its affiliate monitor liquidity required to meet their operating needs and other contractual commitments while also striving to maximize the investment returns on their available funds. The Foundation and its affiliate have various sources of liquidity available for use including cash, contributions and other receivables, and investments in marketable securities. In addition to financial assets available to meet general expenditures, the Foundation and its affiliate anticipate collecting sufficient revenue to cover general operating expenditures.

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

NOTE B – LIQUIDITY (Continued)

At June 30, 2021 and 2020, the Foundation’s and its affiliate’s financial assets and the amounts of those assets that are readily available within one year of the consolidated statement of financial position date to meet general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash (including interest-bearing accounts)	\$ 188,917	\$ 149,125
Contributions and other receivables – net	552	597
Investments in marketable securities	<u>2,119,373</u>	<u>1,843,245</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,308,842</u>	<u>\$1,992,967</u>

NOTE C – INVESTMENTS IN MARKETABLE SECURITIES

Interest and dividend income consisted of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 34,381	\$ 59,554
Investment fees	<u>(22,724)</u>	<u>(15,056)</u>
Interest and dividend income – net	<u>\$ 11,657</u>	<u>\$ 44,498</u>

Gains on investments in marketable securities consisted of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Realized gains (losses)	\$ 96,593	\$ (9,880)
Unrealized gains	<u>266,461</u>	<u>19,717</u>
Net gains on investments in marketable securities	<u>\$363,054</u>	<u>\$ 9,837</u>

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

NOTE D – FAIR VALUE MEASUREMENTS

U.S. GAAP provides a hierarchy that prioritizes the inputs to valuation methodologies used to measure fair value. There are three levels of the fair value hierarchy. Level 1 inputs to the valuation methodologies consist of unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access. Level 2 inputs 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, and 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 are unobservable and significant to the fair value measurement. The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation methodologies used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation 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 June 30, 2021 and 2020, the fair value measurements reportable by the Foundation consisted of common stock, mutual funds, exchange traded funds, government securities, corporate bonds, and money market funds. Common stock, mutual funds, and exchange traded funds are valued at quoted market prices, and money market funds are valued at stated value, for which Level 1 valuation inputs were required. Government securities and corporate bonds are valued at the discounted value of future cash flows for which Level 2 valuation inputs were required. There were no investments for which Level 3 valuation inputs were required.

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

NOTE D – FAIR VALUE MEASUREMENTS (Continued)

The following sets forth by level, within the fair value hierarchy, the Foundation’s investments in marketable securities at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock				
Technology	\$ 183,281	\$ -	\$ -	\$ 183,281
Consumer	154,475	-	-	154,475
Industrials	140,071	-	-	140,071
Financial service	119,113	-	-	119,113
Healthcare	104,968	-	-	104,968
Basic materials	37,717	-	-	37,717
Communication services	31,697	-	-	31,697
Other	38,588	-	-	38,588
Total common stock	<u>809,910</u>	<u>-</u>	<u>-</u>	<u>809,910</u>
Mutual funds				
Bond funds	547,600	-	-	547,600
Growth funds	113,628	-	-	113,628
Total mutual funds	<u>661,228</u>	<u>-</u>	<u>-</u>	<u>661,228</u>
Exchange traded funds				
Value funds	175,646	-	-	175,646
Growth funds	158,778	-	-	158,778
Total exchange traded funds	<u>334,424</u>	<u>-</u>	<u>-</u>	<u>334,424</u>
Government securities				
U.S. treasury obligations	-	154,252	-	154,252
U.S. government agencies	-	39,070	-	39,070
Total government securities	<u>-</u>	<u>193,322</u>	<u>-</u>	<u>193,322</u>
Corporate bonds				
Long-term	-	90,754	-	90,754
Total corporate bonds	<u>-</u>	<u>90,754</u>	<u>-</u>	<u>90,754</u>
Money market funds	29,735	-	-	29,735
Total	<u>\$1,835,297</u>	<u>\$284,076</u>	<u>\$ -</u>	<u>\$2,119,373</u>

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

NOTE D – FAIR VALUE MEASUREMENTS (Continued)

The following sets forth by level, within the fair value hierarchy, the Foundation’s investments in marketable securities at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock				
Technology	\$ 183,177	\$ -	\$ -	\$ 183,177
Consumer	147,842	-	-	147,842
Industrials	139,323	-	-	139,323
Financial service	114,268	-	-	114,268
Healthcare	112,602	-	-	112,602
Communication services	45,170	-	-	45,170
Basic materials	41,345	-	-	41,345
Other	30,873	-	-	30,873
Total common stock	<u>814,600</u>	<u>-</u>	<u>-</u>	<u>814,600</u>
Mutual funds				
Bond funds	358,973	-	-	358,973
Growth funds	114,483	-	-	114,483
Total mutual funds	<u>473,456</u>	<u>-</u>	<u>-</u>	<u>473,456</u>
Exchange traded funds				
Value funds	167,364	-	-	167,364
Growth funds	169,518	-	-	169,518
Total exchange traded funds	<u>336,882</u>	<u>-</u>	<u>-</u>	<u>336,882</u>
Government securities				
U.S. treasury obligations	-	58,798	-	58,798
U.S. government agencies	-	50,367	-	50,367
Total government securities	<u>-</u>	<u>109,165</u>	<u>-</u>	<u>109,165</u>
Corporate bonds				
Long-term	-	62,202	-	62,202
Total corporate bonds	<u>-</u>	<u>62,202</u>	<u>-</u>	<u>62,202</u>
Money market funds	46,940	-	-	46,940
 Total	 <u>\$ 1,671,878</u>	 <u>\$ 171,367</u>	 <u>\$ -</u>	 <u>\$ 1,843,245</u>

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

NOTE E – DESIGNATED NET ASSETS

At June 30, 2021 and 2020, the designated memorial funds and their primary purposes were as follows:

	<u>2021</u>	<u>2020</u>
Muriel Macfarlane Flanders Memorial Fund, <i>to perpetuate the Macfarlane Fourth of July Regatta</i>	\$317,577	\$317,457
Terrance McCarthy Memorial Fund, <i>to support Hawaii's top scholar athletes</i>	197,393	197,393
Tom "Daddy" Haine Memorial Fund, <i>to support the sport of volleyball in Hawaii</i>	87,514	87,094
Schwinn Family Fund, <i>to perpetuate Hawaiian Water Sports and to encourage athletes and and scholars who contribute to the growth and development of athletics in Hawaii</i>	76,850	76,850
Thomas M. Arnott Memorial Fund, <i>to support interscholastic canoe paddling in Hawaii</i>	54,135	14,135
Randy Carlson Fund, <i>in memory of Randy Carlson who loved teaching young people</i>	36,075	34,975
Kala Kukea Memorial Fund, <i>to honor one of Hawaii's top individuals in water sports</i>	31,358	30,968
Kirk Smith Memorial Fund, <i>to support water sports and the young scholar athletes of Hawaii</i>	25,725	25,725
John Cline Mann Memorial Fund, <i>to support the annual Cline Mann Paddleboard Race</i>	23,328	23,208
Dale P. Madden and The Madden Corporation Fund <i>to provide scholarships to Hawaii's youth</i>	20,000	20,000
Henry Ayau Memorial Fund, <i>to honor this renowned athlete, businessman, sportsman, and citizen</i>	18,606	18,546
Great Aloha Run Community Fund <i>to support scholarships for students exemplifying the volunteerism and community spirit of the Great Aloha Run</i>	15,100	15,100
David & Keanuenu Rochlen Fund, <i>to perpetuate Hawaiian water sports and encourage young athletes</i>	10,883	10,883
Hawaii Olympians Fund <i>to support Hawaii's elite athletes in their quest to make the U.S. Olympic team in swimming, water polo, kayaking, or volleyball</i>	<u>250</u>	<u>250</u>
Total designated net assets	<u>\$914,794</u>	<u>\$872,584</u>

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

NOTE E – DESIGNATED NET ASSETS (continued)

The Board of Directors of the Foundation designated a portion of the Foundation’s net assets without donor restrictions as Memorial Funds to honor individuals that exemplified the objectives of the Foundation. Such designations may also include funding for other programs supported by the Foundation and may be changed by the Board of Directors of the Foundation at any time.

NOTE F – DISAGGREGATION OF REVENUE

For the years ended June 30, 2021 and 2020, revenue from performance obligations satisfied at a point in time and revenue from sources other than performance obligations consisted of the following:

	<u>2021</u>	<u>2020</u>
Revenue from performance obligations satisfied at a point in time		
Merchandise sales	\$ 3,827	\$ 45,361
Entry fees	-	31,508
Auction income	-	21,975
Table sales	-	10,246
Individual ticket sales	-	4,446
	<u> </u>	<u> </u>
Total revenue from performance obligations satisfied at a point in time	<u>\$ 3,827</u>	<u>\$113,536</u>
Revenue from sources other than performance obligations		
Interest and dividend income	\$ 34,381	\$ 59,554
Net gains on investments in marketable securities	<u>363,054</u>	<u>9,837</u>
Total revenue from sources other than performance obligations	<u>\$397,435</u>	<u>\$ 69,391</u>

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

NOTE G – OCEANFEST AND OTHER SPECIAL EVENTS

OceanFest and other special events for the years ended June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
OceanFest		
Contributions and sales (including in-kind contributions of direct expenses of \$0 and \$292,200 in 2021 and 2020, respectively)	\$ -	\$ 536,125
Direct expenses (including in-kind contributions of direct expenses of \$0 and \$292,200 in 2021 and 2020, respectively)	<u>-</u>	<u>(519,836)</u>
OceanFest – net	<u>-</u>	<u>16,289</u>
Hawaii Waterman Hall of Fame Awards Dinner		
Contributions and sales	-	127,957
Direct expenses	<u>-</u>	<u>(54,802)</u>
Hawaii Waterman Hall of Fame Awards Dinner – net	<u>-</u>	<u>73,155</u>
Duke's Night		
Contributions	-	436
Direct expenses	<u>-</u>	<u>(362)</u>
Duke's Night – net	<u>-</u>	<u>74</u>
Mahalo Luncheon		
Contributions	-	2,546
Direct expenses	<u>-</u>	<u>(3,281)</u>
Mahalo Luncheon – net	<u>-</u>	<u>(735)</u>
 OceanFest and other special events – net	 <u>\$ -</u>	 <u>\$ 88,783</u>

The in-kind contributions do not include volunteer time as such time does not meet the criteria for recognition.

NOTE H – CONTINGENCIES

The Foundation and its affiliate may be subject to legal proceedings, claims, or litigation arising in the ordinary course of business for which they may seek the advice of legal counsel. Management estimates that the cost to resolve such matters, if any, would not be material to the consolidated financial statements. However, it is reasonably possible that such estimates may change within the near term.

OUTRIGGER DUKE KAHANAMOKU FOUNDATION AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

NOTE H – CONTINGENCIES (Continued)

The Foundation and its affiliate operate in the State of Hawaii. Local, national, and international events (such as the COVID-19 pandemic) can have severe, adverse effects on economic conditions in Hawaii. These consolidated financial statements do not include the adjustments that would result if the Foundation and its affiliate were to account for future losses or asset impairments, as the effects on the consolidated financial statements of the Foundation and its affiliate from such changes in economic conditions are not presently determinable.

The COVID-19 pandemic has caused business disruption from government-mandated and voluntary closings or reductions in services for all industries, and affected the fair value of marketable securities. While the disruption is currently expected to be temporary, there is considerable uncertainty as to the duration of the economic impact from such disruption. The Foundation and its affiliate expect that this matter may continue to impact their operating results; however, the related financial impact cannot be reasonably estimated at this time.

NOTE I – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 9, 2022, which is the date the consolidated financial statements were available to be issued, and determined the Foundation and its affiliate did not have any subsequent events requiring adjustment to the consolidated financial statements or disclosure in the notes to the consolidated financial statements.
