

THE OUTDOOR CIRCLE

**FINANCIAL STATEMENTS
For the Year Ended September 30, 2018
With Prior Year Comparative Information
And Independent Accountant's Review Report**



CW Associates

A Hawaii Certified Public Accounting Corporation

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Outdoor Circle:

Report on the Financial Statements

We have reviewed the accompanying financial statements of The Outdoor Circle, a nonprofit Hawaii corporation, which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, 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 company 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 engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (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 review, 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.

Other Matter

We have previously reviewed The Outdoor Circle's financial statements as of and for the year September 30, 2017, and in our report dated February 21, 2018, stated that based on our procedures, we were not aware of any material modifications that should be made to those financial statements in order for them 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, 2017 for it to be consistent with the reviewed financial statements from which it has been derived.

CW ASSOCIATES, CPAs

Honolulu, Hawaii
December 11, 2018

THE OUTDOOR CIRCLE
STATEMENT OF FINANCIAL POSITION
As of September 30, 2018
(With Prior Year Comparative Information)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash (including interest-bearing accounts)	\$ 166,866	\$ 177,820
Investments in marketable securities	1,939,750	2,021,801
Grants receivable – net	2,588	-
Prepaid expenses and other assets	6,041	5,661
Property and equipment – net	<u>1,434</u>	<u>2,217</u>
TOTAL ASSETS	<u>\$2,116,679</u>	<u>\$2,207,499</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 9,057	\$ 7,271
Total liabilities	<u>9,057</u>	<u>7,271</u>
NET ASSETS		
Unrestricted net assets		
Unrestricted – undesignated	297,581	405,288
Unrestricted – branch operations	485,720	455,542
Total unrestricted net assets	<u>783,301</u>	<u>860,830</u>
Temporarily restricted net assets		
Temporarily restricted for statewide office programs	29,751	37,498
Temporarily restricted for branch programs	23,493	30,823
Total temporarily restricted net assets	<u>53,244</u>	<u>68,321</u>
Permanently restricted net assets	<u>1,271,077</u>	<u>1,271,077</u>
Total net assets	<u>2,107,622</u>	<u>2,200,228</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,116,679</u>	<u>\$2,207,499</u>

See accompanying notes to the financial statements
and independent accountant's review report.

THE OUTDOOR CIRCLE

STATEMENT OF ACTIVITIES

**For the Year Ended September 30, 2018
(With Prior Year Comparative Information)**

	<u>2018</u>	<u>2017</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Revenue and support		
Investment income	\$ 115,152	\$ 151,412
Unrestricted contributions	62,239	73,702
Net assets released from restrictions	54,795	78,319
Special events – net	27,576	12,121
Member dues	19,845	22,600
Other revenue and support	4,367	15,000
Total revenue and support	<u>283,974</u>	<u>353,154</u>
Expenses		
Program services	259,951	330,166
Management and general	50,776	35,425
Fundraising	50,776	35,425
Total expenses	<u>361,503</u>	<u>401,016</u>
Decrease in unrestricted net assets	<u>(77,529)</u>	<u>(47,862)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Temporarily restricted contributions	39,718	23,158
Net assets released from restrictions	<u>(54,795)</u>	<u>(78,319)</u>
Decrease in temporarily restricted net assets	<u>(15,077)</u>	<u>(55,161)</u>
DECREASE IN NET ASSETS	(92,606)	(103,023)
NET ASSETS – Beginning of year	<u>2,200,228</u>	<u>2,303,251</u>
NET ASSETS – End of year	<u>\$ 2,107,622</u>	<u>\$ 2,200,228</u>

See accompanying notes to the financial statements
and independent accountant's review report.

THE OUTDOOR CIRCLE

STATEMENT OF FUNCTIONAL EXPENSES

**For the Year Ended September 30, 2018
(With Prior Year Comparative Information)**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>2018 Total</u>	<u>2017 Total</u>
Salaries and benefits	\$106,362	\$35,454	\$35,454	\$177,270	\$174,862
Planting and beautification	66,727	-	-	66,727	44,257
Office and equipment rent	20,151	5,397	5,397	30,945	30,689
Professional fees	19,342	4,573	4,573	28,488	75,865
Office	18,139	2,734	2,734	23,607	25,969
Travel	11,551	1,398	1,398	14,347	15,285
Insurance	5,061	1,053	1,053	7,167	6,684
Meetings	7,144	11	11	7,166	10,777
Grants to others	5,003	-	-	5,003	15,664
Depreciation	471	156	156	783	964
Total expenses	<u>\$259,951</u>	<u>\$50,776</u>	<u>\$50,776</u>	<u>\$361,503</u>	<u>\$401,016</u>

See accompanying notes to the financial statements
and independent accountant's review report.

THE OUTDOOR CIRCLE

STATEMENT OF CASH FLOWS

**For the Year Ended September 30, 2018
(With Prior Year Comparative Information)**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (92,606)	\$ (103,023)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	783	964
Unrealized gains on investments in marketable securities	(6,828)	(45,551)
Realized gains on investments in marketable securities	(76,347)	(79,169)
(Increase) decrease in:		
Grants receivable – net	(2,588)	3,644
Prepaid expenses and other assets	(380)	(32)
Increase in:		
Accounts payable	1,786	579
Net cash used by operating activities	<u>(176,180)</u>	<u>(222,588)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of marketable securities	2,904,307	1,749,235
Purchases of marketable securities	<u>(2,739,081)</u>	<u>(1,670,668)</u>
Net cash provided by investing activities	<u>165,226</u>	<u>78,567</u>
NET DECREASE IN CASH	(10,954)	(144,021)
CASH – Beginning of year	<u>177,820</u>	<u>321,841</u>
CASH – End of year	<u>\$ 166,866</u>	<u>\$ 177,820</u>

See accompanying notes to the financial statements
and independent accountant's review report.

THE OUTDOOR CIRCLE

NOTES TO THE FINANCIAL STATEMENTS

**As of and for the Year Ended September 30, 2018
(With Prior Year Comparative Information)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity

The Outdoor Circle, which was founded in 1912, is a nonprofit Hawaii corporation chartered in September 1949 to preserve, protect, and enhance the scenic environment of Hawaii for future generations by advocating for the planting and protection of trees, for the placing of utility lines underground, and by promoting recycling and fighting for a billboard-free Hawaii, among other initiatives.

The Outdoor Circle is supported by contributions, membership dues, investment income, and special events. It sponsors programs to promote Honolulu's urban forest by planting trees, beautifying parks and public lands, and landscaping bike paths; and advocates for the support of Hawaii's strong anti-billboard laws and to strengthen county signage laws that protect the environment. It also acts as a watchdog over large infrastructure development projects to ensure that the development is appropriate, and sponsors protection programs to eradicate invasive plants, to safeguard view planes, and to protect native ecosystems. In addition, The Outdoor Circle sponsors programs that educate the public on issues affecting the environment, including recycling and litter prevention, and that teach children about environmental issues facing their generation.

The Outdoor Circle is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Accordingly, qualifying contributions to the statewide office of The Outdoor Circle or any of its branches are tax deductible.

Basis of Accounting

The Outdoor Circle reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. Support is reported when pledged and is considered to be available for unrestricted use unless restricted by the donor. Donor restricted support is reported when pledged as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a temporary restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets. Revenue is recognized when earned, and expenses are recognized when the related liability is incurred. The Outdoor Circle allocates its expenses on a functional basis among its 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 are allocated by various bases.

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 Outdoor Circle. A substantial number of unpaid volunteers have made significant contributions of their time to The Outdoor Circle. The value of their time is not reflected in these financial statements because it does not meet the criteria for recognition.

THE OUTDOOR CIRCLE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**As of and for the Year Ended September 30, 2018
(With Prior Year Comparative Information)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in accordance with such generally accepted accounting principles 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 financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates, and it is reasonably possible that such estimates may change within the near term.

Concentrations of Credit Risk

Financial instruments that potentially subject The Outdoor Circle to credit risk include cash, investments in marketable securities, and grants receivable. Cash on deposit with financial institutions was fully insured at September 30, 2018 and 2017. 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. Grants receivable have been reduced by estimated allowances for doubtful accounts (none at September 30, 2018 and 2017). Such receivables are determined to be collectible or uncollectible based on an assessment by management of the facts and circumstances related to the individual accounts.

Investments in Marketable Securities

Investments in marketable securities are stated at fair value. Net realized and unrealized gains and losses, determined using the specific identification method, are included in investment income.

Property and Equipment

Property and equipment consists of furniture and equipment stated at cost or, if donated, at estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of three to five years. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Repairs and maintenance are expensed as incurred. Expenditures for property and equipment are capitalized.

Retirement Plan

The Outdoor Circle sponsors a defined contribution, simplified employee pension plan covering its employees who are at least 21 years of age and who have worked at least one year, to which it contributes amounts determined annually by its Board of Directors, up to the maximum allowed under the Internal Revenue Code. Employees may also contribute to the Plan. Retirement plan expense for the years ended September 30, 2018 and 2017 (included in salaries and benefits) amounted to \$5,908 and \$5,609, respectively.

THE OUTDOOR CIRCLE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**As of and for the Year Ended September 30, 2018
(With Prior Year Comparative Information)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Hawaii General Excise Tax

The State of Hawaii imposes a general excise tax of 4% on the gross receipts of The Outdoor Circle 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 special events amounted to \$4,433 and \$3,248 for the years ended September 30, 2018 and 2017, respectively.

Income Taxes

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 was signed into law. The law includes significant changes to the United States of America income tax system, including changes to unrelated business income tax and limitations on the deductibility of certain expenses. Accounting principles generally accepted in the United States of America require the effect of a change in tax law to be recognized when enacted. The new tax law is not expected to have a significant financial impact on The Outdoor Circle as it does not have unrelated business income.

Accounting principles generally accepted in the United States of America require uncertain tax positions to be recognized in the financial statements if they are more likely than not to fail upon regulatory examination. Management has evaluated the tax positions of The Outdoor Circle as of September 30, 2018 and 2017, and for the years then ended, by reviewing its income tax returns and conferring with its tax advisors, and determined that there were no uncertain tax positions required to be reported in accordance with such generally accepted accounting principles. The Outdoor Circle is subject to routine in audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods.

NOTE B – INVESTMENTS IN MARKETABLE SECURITIES

At September 30, 2018 and 2017, investments in marketable securities consisted of the following:

	2018		2017	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity securities	\$ 1,088,753	\$ 1,315,069	\$ 1,132,116	\$ 1,342,597
Money market funds	336,417	336,417	93,224	93,224
Exchange traded funds	220,347	216,658	185,284	185,302
Government debt securities	44,741	44,363	219,482	220,445
Corporate fixed income	27,916	27,243	176,947	180,233
Total investments	<u>\$ 1,718,174</u>	<u>\$ 1,939,750</u>	<u>\$ 1,807,053</u>	<u>\$ 2,021,801</u>

THE OUTDOOR CIRCLE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**As of and for the Year Ended September 30, 2018
(With Prior Year Comparative Information)**

NOTE B – INVESTMENTS IN MARKETABLE SECURITIES (Continued)

At September 30, 2018 and 2017, the fair value of The Outdoor Circle's investments in marketable securities exceeded their cost by \$221,576 and \$214,748, respectively.

For the years ended September 30, 2018 and 2017, investment income consisted of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 58,860	\$ 52,297
Unrealized gains from holding investments	6,828	45,551
Realized gains from sales of investments	76,347	79,169
Investment fees	<u>(26,883)</u>	<u>(25,605)</u>
Investment income	<u>\$115,152</u>	<u>\$151,412</u>

NOTE C – FAIR VALUE MEASUREMENTS

The established framework for measuring fair value 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 can be accessed by the entity. 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 fair value measurements reportable by The Outdoor Circle at September 30, 2018 and 2017 (see Note B) consisted of investments in equity securities, exchange traded funds, and corporate fixed income securities valued at quoted market prices in active markets (Level 1), investments in government debt securities valued at quoted market prices in active markets (Level 1) or similar markets (Level 2), and investments in money market funds at stated value (Level 1). There were no investments in marketable securities for which Level 3 valuation inputs were required.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. 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.

THE OUTDOOR CIRCLE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended September 30, 2018
(With Prior Year Comparative Information)

NOTE C – FAIR VALUE MEASUREMENTS (Continued)

As of September 30, 2018 the fair value measurements reportable by The Outdoor Circle for its investments in marketable securities were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities				
Information & telecommunication	\$ 402,155	\$ -	\$ -	\$ 402,155
Financials	268,732	-	-	268,732
Energy & materials	196,273	-	-	196,273
Consumer discretionary & staples	166,663	-	-	166,663
Industrials	100,011	-	-	100,011
Other equity securities	181,235	-	-	181,235
Total equity securities	1,315,069	-	-	1,315,069
Money market funds	336,417	-	-	336,417
Exchange traded funds	216,658	-	-	216,658
Government debt securities	44,363	-	-	44,363
Corporate fixed income	27,243	-	-	27,243
Total	<u>\$1,939,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,939,750</u>

As of September 30, 2017 the fair value measurements reportable by The Outdoor Circle for its investments in marketable securities were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities				
Information & telecommunication	\$ 354,014	\$ -	\$ -	\$ 354,014
Energy & materials	188,688	-	-	188,688
Health care	185,735	-	-	185,735
Consumer discretionary & staples	181,102	-	-	181,102
Financials	170,959	-	-	170,959
Real estate	121,993	-	-	121,993
Industrials	118,989	-	-	118,989
Other equity securities	21,117	-	-	21,117
Total equity securities	1,342,597	-	-	1,342,597
Money market funds	93,224	-	-	93,224
Exchange traded funds	185,302	-	-	185,302
Government debt securities	122,928	97,517	-	220,445
Corporate fixed income	180,233	-	-	180,233
Total	<u>\$1,924,284</u>	<u>\$97,517</u>	<u>\$ -</u>	<u>\$2,021,801</u>

THE OUTDOOR CIRCLE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended September 30, 2018
(With Prior Year Comparative Information)

NOTE D – PROPERTY AND EQUIPMENT

At September 30, 2018 and 2017, property and equipment consisted of the following:

	<u>2018</u>	<u>2017</u>
Office furniture and equipment	\$30,714	\$53,731
Accumulated depreciation	<u>(29,280)</u>	<u>(51,514)</u>
Property and equipment – net	<u>\$ 1,434</u>	<u>\$ 2,217</u>

The Outdoor Circle leases land for a nature park from the State of Hawaii. Major improvements to the park are capitalized as construction in progress and expensed when the completed project is contributed by The Outdoor Circle to the State of Hawaii.

NOTE E – LEASES

The Outdoor Circle leases office space under a lease agreement expiring in November 2026. It also leases land and certain facilities at its Waimea Nature Park site under an operating lease agreement with the State of Hawaii, Department of Land and Natural Resources, at an annual rent of \$156 through August 31, 2052. Management does not consider the lease to have commercial market value or reasonably determinable fair market values. Lease rent expense amounted to \$27,123 and \$26,922 for the years ended September 30, 2018 and 2017, respectively, including common area costs and equipment leased under short-term agreements.

At September 30, 2018, future minimum lease payments approximated the following:

Years Ending September 30th:	
2019	\$ 6,400
2020	\$ 6,500
2021	\$ 6,900
2022	\$ 6,900
2023	\$ 6,900
Thereafter (cumulative)	\$26,100

THE OUTDOOR CIRCLE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**As of and for the Year Ended September 30, 2018
(With Prior Year Comparative Information)**

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2018 and 2017, temporarily restricted net assets for statewide office programs consisted of the following:

	<u>2018</u>	<u>2017</u>
Statewide Office Programs:		
Chris Snyder tree education fund	\$17,514	\$15,514
Domestic violence	-	10,000
Tree planting and preservation	8,423	8,423
Other statewide office programs	<u>3,814</u>	<u>3,561</u>
Temporarily restricted for statewide office programs	<u>\$29,751</u>	<u>\$37,498</u>

At September 30, 2018 and 2017, temporarily restricted net assets for branch programs consisted of the following:

	<u>2018</u>	<u>2017</u>
Branch Programs:		
Manoa – Kamanele park	\$10,180	\$ -
Waimea – Median project	-	8,500
Waimea – Nature park	5,156	7,041
Waimea – Kaulanani	342	1,821
Waimea – Tree fund	193	3,525
Lani-Kailua – Learning to grow	3,850	5,393
Lani-Kailua – Castle grant	1,962	2,733
Lani-Kailua – Legal fund	610	610
North Shore – Bench fund	<u>1,200</u>	<u>1,200</u>
Temporarily restricted for branch programs	<u>\$23,493</u>	<u>\$30,823</u>

NOTE G – PERMANENTLY RESTRICTED NET ASSETS

At September 30, 2018 and 2017, permanently restricted net assets consisted of donor contributions to be maintained indefinitely, the income from which may be used for the payment of personnel and other office expenses. There were no permanently restricted donor contributions for the years ended September 30, 2018 and 2017. Investment income from permanently restricted net assets is appropriated for expenditure when earned.

THE OUTDOOR CIRCLE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**As of and for the Year Ended September 30, 2018
(With Prior Year Comparative Information)**

NOTE G – PERMANENTLY RESTRICTED NET ASSETS (Continued)

Accounting principles generally accepted in the United States of America provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). An enacted version of UPMIFA became effective in the State of Hawaii on July 1, 2009. The Board of Directors of The Outdoor Circle has interpreted the Act as requiring the preservation of the original gift of donor-restricted endowment funds as permanently restricted net assets, absent explicit donor stipulations to the contrary. Unless otherwise stated, other donor-restricted gifts are classified as temporarily restricted net assets. The Outdoor Circle has adopted investment and spending policies for endowment assets to develop and review investment strategies designed to generate income while maintaining financial growth and stability. Investment assets have set guidelines as to the types of investments and the percentage The Outdoor Circle may invest in an investment class.

The beginning and ending balances of permanently restricted net assets consist of the original gifts because there were no additions to or deductions from the funds. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires The Outdoor Circle to retain as a fund of perpetual duration. At September 30, 2018 and 2017, the investments held by The Outdoor Circle were in excess of its permanently restricted net assets.

Earnings from investments for the year ended September 30, 2018 attributable to permanently restricted net assets were approximately \$71,000. Earnings from investments for the year ended September 30, 2017 attributable to permanently restricted net assets were approximately \$98,000.

NOTE H – SPECIAL EVENTS

Revenue and direct expenses from special events for the years ended September 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Revenue:		
I Love Kailua Town	\$93,897	\$56,594
Other special events	3,211	7,849
Total revenue	<u>97,108</u>	<u>64,443</u>
Direct expenses:		
I Love Kailua Town	61,499	49,035
Other special events	8,033	3,287
Total direct expenses	<u>69,532</u>	<u>52,322</u>
Special events – net	<u>\$27,576</u>	<u>\$12,121</u>

THE OUTDOOR CIRCLE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**As of and for the Year Ended September 30, 2018
(With Prior Year Comparative Information)**

NOTE I – CONTINGENCIES

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

The Outdoor Circle operates in the State of Hawaii. National and international events can have severe, adverse effects on economic conditions in Hawaii. The effects, if any, on the financial statements of The Outdoor Circle from such changes in economic conditions are not presently determinable.

NOTE J – FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements include certain prior year comparative information. Such information does not include sufficient detail to constitute a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with The Outdoor Circle's financial statements as of and for the year ended September 30, 2017, from which the information was derived.

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 11, 2018, which is the date the financial statements were available to be issued, and determined The Outdoor Circle did not have any subsequent events requiring adjustment to the financial statements or disclosures in the notes to the financial statements.
