

KONA HOSPITAL FOUNDATION  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017  
(WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT THEREON)

## Table of Contents

	<u>Pages</u>
Independent Accountant's Review Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3 – 4
Statements of Functional Expenses	5 – 6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 15



## Taketa, Iwata, Hara & Associates, LLC

Certified Public Accountants & Consultants

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Hilo, Hawaii 96720-4260

### INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Trustees  
Kona Hospital Foundation:

We have reviewed the accompanying financial statements of Kona Hospital Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities 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 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 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 2018 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

#### **Report on 2017 Financial Statements**

The 2017 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated September 13, 2018. We have not performed any auditing procedures since that date.

*Taketa, Iwata, Hara & Associates, LLC*

Hilo, Hawaii  
September 30, 2019

KONA HOSPITAL FOUNDATION

Statements of Financial Position

December 31, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 673,605	\$ 701,381
Auction items	3,050	6,149
Investments in marketable securities	470,812	534,709
Total current assets	1,147,467	1,242,239
Office equipment	5,972	5,972
Less accumulated depreciation	5,972	5,972
Net office equipment	-	-
Unconditional promises to give	61,478	121,950
Beneficial interest in perpetual trust	1,530,000	1,470,000
Total assets	<u>\$ 2,738,945</u>	<u>\$ 2,834,189</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts Payable	\$ 320	\$ -
Unconditional promises made	232,455	329,197
Total current liabilities	232,775	329,197
Net assets:		
Net assets without donor restrictions	698,824	794,868
Net assets with donor restrictions	1,807,346	1,710,124
Total net assets	2,506,170	2,504,992
Total liabilities and net assets	<u>\$ 2,738,945</u>	<u>\$ 2,834,189</u>

See accompanying notes to financial statements.

KONA HOSPITAL FOUNDATION

Statement of Activities

For the year ended December 31, 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Public support and revenues:			
Donations	\$ 41,055	\$ 11,597	\$ 52,652
Event income	6,502	27,281	33,783
Unrealized gain on valuation of perpetual trust	-	60,000	60,000
Alberta E. Brown Trust income	44,321	-	44,321
Investment loss	(63,835)	-	(63,835)
Interest income and dividends	31,920	-	31,920
Other income	63	-	63
	<hr/>	<hr/>	<hr/>
Total public support and revenues	60,026	98,878	158,904
Net assets released from restrictions:			
Restrictions satisfied by payments	1,656	(1,656)	-
Expenses:			
Program services	44,670	-	44,670
Support services	76,349	-	76,349
Fundraising	36,707	-	36,707
	<hr/>	<hr/>	<hr/>
Total expenses	157,726	-	157,726
Total increase (decrease) in net assets	(96,044)	97,222	1,178
Net assets at beginning of year	<hr/>	<hr/>	<hr/>
	794,868	1,710,124	2,504,992
Net assets at end of year	<hr/>	<hr/>	<hr/>
	\$ 698,824	\$ 1,807,346	\$ 2,506,170

See accompanying notes to financial statements.

KONA HOSPITAL FOUNDATION

Statement of Activities

For the year ended December 31, 2017

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Public support and revenues:			
Donations	\$ 38,003	\$ 16,659	\$ 54,662
Event income	30,890	-	30,890
Unrealized loss on valuation of perpetual trust	-	(73,000)	(73,000)
Alberta E. Brown Trust income	44,208	-	44,208
Investment income	53,843	-	53,843
Interest income and dividends	15,207	-	15,207
Other income	2,192	-	2,192
	<hr/>	<hr/>	<hr/>
Total public support and revenues	184,343	(56,341)	128,002
Net assets released from restrictions:			
Restrictions satisfied by payments	212,500	(212,500)	-
Expenses:			
Program services	234,399	-	234,399
Support services	92,812	-	92,812
Fundraising	42,757	-	42,757
	<hr/>	<hr/>	<hr/>
Total expenses	369,968	-	369,968
Total increase (decrease) in net assets	26,875	(268,841)	(241,966)
Net assets at beginning of year	<hr/>	<hr/>	<hr/>
	767,993	1,978,965	2,746,958
Net assets at end of year	<hr/>	<hr/>	<hr/>
	\$ 794,868	\$ 1,710,124	\$ 2,504,992

See accompanying notes to financial statements.

KONA HOSPITAL FOUNDATION

Statement of Functional Expenses

For the year ended December 31, 2018

	Program services	Supporting Activities		Total
		Management and General	Fundraising	
Payroll leasing	\$ 6,593	\$ 39,554	\$ 19,777	\$ 65,924
Support to Kona Hospital	38,077	-	-	38,077
Professional fees	-	21,361	-	21,361
Merchant service fees	-	9,850	1,646	11,496
Event other costs	-	-	7,422	7,422
Event entertainment	-	-	4,294	4,294
Printing and reproduction	-	2,544	806	3,350
Taxes	-	-	1,962	1,962
Other	-	1,938	-	1,938
Insurance	-	728	-	728
Event travel expenses	-	-	440	440
Office supplies	-	374	-	374
Event catering	-	-	333	333
Postage	-	-	27	27
	<u>44,670</u>	<u>76,349</u>	<u>36,707</u>	<u>157,726</u>
Total expenses before depreciation				
Depreciation	-	-	-	-
	<u>\$ 44,670</u>	<u>\$ 76,349</u>	<u>\$ 36,707</u>	<u>\$ 157,726</u>

See accompanying notes to financial statements.

KONA HOSPITAL FOUNDATION

Statement of Functional Expenses

For the year ended December 31, 2017

	Program services	Supporting Activities		Total
		Management and General	Fundraising	
Support to Kona Hospital	\$ 225,135	\$ -	\$ -	\$ 225,135
Payroll leasing	9,124	54,746	27,373	91,243
Professional fees	-	22,145	1,201	23,346
Merchant service fees	-	8,319	1,604	9,923
Event catering	-	-	9,531	9,531
Printing and reproduction	-	2,597	1,095	3,692
Other	-	3,061	-	3,061
Taxes	-	-	1,391	1,391
Office supplies	-	951	-	951
Insurance	-	713	-	713
Auction Items	-	-	472	472
Postage	-	-	43	43
	<u>234,259</u>	<u>92,532</u>	<u>42,710</u>	<u>369,501</u>
Total expenses before depreciation				
Depreciation	<u>140</u>	<u>280</u>	<u>47</u>	<u>467</u>
	<u>\$ 234,399</u>	<u>\$ 92,812</u>	<u>\$ 42,757</u>	<u>\$ 369,968</u>

See accompanying notes to financial statements.



KONA HOSPITAL FOUNDATION

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Cash received from support and revenues	\$ 97,648	\$ 159,171
Cash paid for expenses	(157,406)	(369,029)
Interest and dividends received	31,920	15,207
Net cash used by operating activities	<u>(27,838)</u>	<u>(194,651)</u>
Cash flows from investing activities:		
Proceeds from the sale of investments	197,780	144,844
Purchase of investments	(197,718)	(285,958)
Net cash provided (used) by investing activities	<u>62</u>	<u>(141,114)</u>
Net decrease in cash	(27,776)	(335,765)
Cash and cash equivalents at beginning of year	<u>701,381</u>	<u>1,037,146</u>
Cash and cash equivalents at end of year	<u>\$ 673,605</u>	<u>\$ 701,381</u>
Reconciliation of change in net assets to net cash used by operating activities:		
Decrease in net assets	\$ 1,178	\$ (241,966)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Donated auction items received	(8,963)	(14,236)
Donated auction items sold	12,062	14,429
Investment (gain) loss	63,835	(53,843)
Depreciation expense	-	467
Unrealized loss on valuation of perpetual trust	(60,000)	73,000
Effect of changes in other statement of financial position accounts:		
Other receivable	-	3,020
Auction items	-	472
Unconditional promises to give	60,472	24,006
Accounts payable	320	-
Unconditional promises made	(96,742)	-
Total adjustments	<u>(29,016)</u>	<u>47,315</u>
Net cash used by operating activities	<u>\$ (27,838)</u>	<u>\$ (194,651)</u>

Supplemental Disclosure of Cash Flow Information:

There were no non-cash investing and financing activities in 2018 and 2017.

See accompanying notes to financial statements.

# KONA HOSPITAL FOUNDATION

## Notes to Financial Statements

December 31, 2018 and 2017

### (1) Organization

#### Nature of Operations

The Kona Hospital Foundation (Foundation) was established in July 1984 for the purpose of providing funding for improvements and equipment at the Kona Community Hospital (Hospital), located in Kealahou on the Big Island of Hawaii. The Foundation is a nonprofit organization and relies primarily on donations and fundraisers to fund its operations.

### (2) Summary of Significant Accounting Policies

#### Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles in the United States of America. Under this method of accounting, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

#### Estimates

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

#### Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and are available for general use. This includes assets which the Board of Trustees has designated for specific purposes.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources will be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned for general or specific purposes.

The Foundation has net assets without donor restrictions and net assets with donor restrictions as of December 31, 2018 and 2017.

## KONA HOSPITAL FOUNDATION

### Notes to Financial Statements, Continued

#### Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

#### Office Equipment

Office equipment are stated at cost or fair value at date of donation. All assets acquired by the Foundation whose initial value or cost exceeds \$5,000 are capitalized and depreciated. Major renewals and betterments are also capitalized, while repairs and maintenance, which do not improve or extend the lives of assets, are charged to expense in the statement of activities.

Depreciation is calculated by the straight-line method over the estimated useful lives of the equipment. Depreciation lives are estimated at five years. There was no depreciation expense for the year ended December 31, 2018. Depreciation expense was \$467 for the year ended December 31, 2017.

#### Fair Value Measurement

The Foundation has implemented FASB ASC 820-10-50-1 which establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. This fair value hierarchy consists of three broad levels:

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

The Foundation's Investments are measured at fair value on a recurring basis and valued using Level 1 inputs. There are no other assets or liabilities measured at fair value on a recurring or nonrecurring basis.

#### Donations

All donations are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the donation is received, the Foundation reports the support as net assets without donor restrictions.

## KONA HOSPITAL FOUNDATION

### Notes to Financial Statements, Continued

#### Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional at the time of the promise. Contributions that are restricted by the donor are reported as increases to net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases to net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Foundation records unconditional promises to give that are for a period of less than one year at its net realizable value. The Foundation records unconditional promises to give that are for a period of more than one year at the present value of the future payments.

#### Unconditional Promises Made

Contributions made are recognized as expenses in the period made and as increases of liabilities depending on the form of the benefits given. The Foundation is a donor to Kona Community Hospital and unconditional promises made are accrued when the Foundation notifies Kona Community Hospital of their intent to reimburse the Hospital.

#### Noncash contributions

Support arising from donated goods, property and services is recognized in the financial statements at its fair value. Such contributions may be reflected in the financial statements if the services received (a) create or enhance nonfinancial assets or (b) required specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation. The Foundation received a substantial amount of services donated by volunteers interested in the Foundation's programs. No amounts have been reflected in the accompanying financial statements for donated services as none of the services performed for the Foundation fulfilled the required criteria.

The Foundation received noncash donated items such as tickets, gift certificates, works of art, and merchandise to be used for fundraising purposes in 2018 and 2017. These noncash donated items are valued at the estimated fair market value at the time the items are received from the donor and recorded as auction inventory and noncash contributions. The difference between the amount received for those items from the buyer and the estimated fair market value of the donated item when originally contributed to the Foundation, will be recognized as adjustments to the originally recorded contribution when the item is transferred to the buyer.

#### Functional Allocation of Expenses

The costs of providing various donations to the Hospital and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Expenses that can be identified with a specific program, fundraising, or supporting service are charged directly to the program, fundraising, or support service using natural expense classifications. Other expenses that are common to several functions are allocated by the Foundation based on estimates of time and effort expended.

## KONA HOSPITAL FOUNDATION

### Notes to Financial Statements, Continued

#### Advertising Costs

Advertising costs are expensed as incurred. The Foundation incurred advertising costs of \$1,101 in the year ended December 31, 2018. Advertising costs are reported in Event other costs on the accompanying Statement of Functional Expense. The Foundation did not incur any advertising costs for the year ended December 31, 2017.

#### General Excise Tax

Hawaii general excise tax is imposed on fundraising income at four percent, which amounted to \$1,962 and \$1,391 for the years ended December 31, 2018 and 2017, respectively. General excise tax was reported as Taxes in the accompanying Statement of Functional Expense.

#### Tax Status

The Foundation is classified as a tax exempt organization other than a private foundation under Section 501 (c)(3) of the U.S. Internal Revenue Code and is exempt from Federal and State income taxes. The Foundation files income tax returns in the U.S federal jurisdiction.

Accounting principles generally accepted in the United States of America require the effect of uncertain tax positions to be recognized in the financial statements if they are more likely than not to fail upon regulatory examination. Management is not aware of any uncertain tax positions. Tax returns are open for examination by the taxing authorities until the applicable statute of limitation expires.

#### New Accounting Pronouncement

During the year ended December 31, 2018 the Foundation adopted the requirements of Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, Not-for Profit Entities (Topic 958): *Presentation of Financial Statements in Not-for-Profit Entities* (ASU 2016-14). This update addresses the complexity and understanding of net asset classification, deficiencies in information about liquidity, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities.

The amendments to ASU 2016-14 were applied on a retrospective basis to all periods presented. Accordingly, some amounts previously reported as unrestricted net assets are now reports as net assets without donor restrictions and amounts previously reported as temporarily or permanently restricted net assets are now reported as net assets with donor restrictions.

KONA HOSPITAL FOUNDATION

Notes to Financial Statements, Continued

(3) Liquidity and Availability of Resources

The Foundation has the following financial assets available within one year of the balance sheet date to meet cash needs for general expenditures:

	<u>2018</u>
Cash and cash equivalents	\$ 673,605
Investments in marketable securities	470,812
Less: current liabilities	(232,775)
Less: net assets with donor restrictions to be met within one year	<u>(277,346)</u>
	<u>\$ 634,296</u>

The Foundation's policy is to maintain cash balances to provide for general expenditures, liabilities, and other obligations as they come due.

(4) Unconditional Promises to Give

Unconditional promises to give consist of the following:

As of December 31:	<u>2018</u>	<u>2017</u>
Unconditional promises	\$ 61,478	\$ 121,950
Less: unamortized discount	<u>-</u>	<u>-</u>
	<u>\$ 61,478</u>	<u>\$ 121,950</u>
Amounts due in		
Less than one year	\$ 61,478	\$ -
One to five years – net of discount	-	121,950
Thereafter	<u>-</u>	<u>-</u>
Total unconditional promises to give	<u>\$ 61,478</u>	<u>\$ 121,950</u>

Unconditional promises to give are from businesses and individuals located primarily on the island of Hawaii. In 2010 the Foundation received an unconditional promise to give from the Robert McClean Trust (Trust) which consisted of a 10% undivided interest in a \$250,000 note receivable. The Trust issued a final payment to the Foundation for the amount of \$25,000 in July 2017.

In 2014 the Foundation received an unconditional promise to give from the Stolaroff Foundation in the amount of \$250,000 to be paid over a period of five years. As of December 31, 2017 the Foundation had received \$125,000. The unconditional promise to give was discounted based on an interest rate of 1.65% until the last payment is received. The present value of the unconditional promise to give amounted to \$121,950 as of December 31, 2017. In 2018, the Foundation received a payment in the amount of \$62,500. The present value of the unconditional promise to give amounted to \$61,478 as of December 31, 2018.

KONA HOSPITAL FOUNDATION

Notes to Financial Statements, Continued

(5) Investments in Marketable Securities

The investments in marketable securities owned by the Foundation consisted of the following:

	Cost	Cumulative Unrealized Gains (Losses)	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)
At December 31, 2018:			
Exchange traded funds and closed end funds	\$ 216,899	\$ 37,033	\$ 253,932
Mutual funds – equity	178,226	(30,575)	147,651
Mutual funds – fixed Income	72,418	(3,189)	69,229
Total	<u>\$ 467,543</u>	<u>\$ 3,269</u>	<u>\$ 470,812</u>
	Cost	Cumulative Unrealized Gains (Losses)	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)
At December 31, 2017:			
Exchange traded funds and closed end funds	\$ 267,047	\$ 65,690	\$ 332,737
Stocks	37,903	9,163	47,066
Mutual funds – equity	84,619	425	85,044
Mutual funds – fixed Income	70,160	(298)	69,862
Total	<u>\$ 459,729</u>	<u>\$ 74,980</u>	<u>\$ 534,709</u>

Realized gains on the sale of investments amounted to \$11,162 and \$33,843 for the years ended December 31, 2018 and 2017, respectively. Cumulative unrealized gains amounted to \$3,269 and \$74,980 for the years ended December 31, 2018 and 2017, respectively.

The tables also sets forth, by level within the fair value hierarchy, the Foundation's investments in marketable securities measured at fair value on a recurring basis as of December 31, 2018 and 2017.

KONA HOSPITAL FOUNDATION

Notes to Financial Statements, Continued

(6) Unconditional Promises Made

The Foundation made unconditional promises to give the Kona Community Hospital in 2014 and 2013 for the operating room technology and Cancer Center projects. During 2018, the Foundation disbursed \$96,742 for the operating room technology project thereby fulfilling its promise. The outstanding amount remaining for the Cancer Center project was \$232,455 as of December 31, 2018. Unconditional promises made for the Operating room technology and Cancer Center projects were \$96,742 and \$232,455, respectively, as of December 31, 2017.

(7) Board Designated Net Assets

Board designated net assets are reported as part of net assets without donor restrictions on the accompanying Statement of Financial Position. There were no commitments made to Kona Community Hospital from board designated net assets during the years ended December 31, 2018 and 2017. Board designated net assets amounted to \$150,000 for the Cancer Center as of December 31, 2018 and 2017.

(8) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following uses:

At December 31:	2018	2017
Cancer Center	\$ 181,828	\$ 164,250
Chapel Fund	70,125	70,125
Trauma Services Center	20,998	2,579
Intensive Care Unit	1,250	-
The Cancer Center: Infusion/Chemotherapy	1,045	1,045
Medical Surgical Department	1,000	1,000
Obstetrics Department: NRT Nursing Education	1,000	1,000
Obstetrics Department	100	100
Operating Room	-	25
Beneficiary Interest in Alberta E. Brown Trust	1,530,000	1,470,000
Total	\$ 1,807,346	\$ 1,710,124

Net assets with donor restrictions are also comprised of a beneficiary interest in the Alberta E. Brown Trust (Trust). In 1991, the Foundation was named as a beneficiary of the Trust in perpetuity as long as it remains a non-private tax exempt organization. The carrying value of the perpetual trust was estimated based on the present value of future distributions using a five year moving average of the annual distributions and a five year moving average of the 30 year Treasury bill rate. The five year moving average interest rate was 2.92% in 2018 and 3.10% in 2017. The five year moving average of the distributed earnings received from the Trust amounted to \$44,651 in 2018 and \$45,553 in 2017.



## KONA HOSPITAL FOUNDATION

### Notes to Financial Statements, Continued

It is reasonably possible that a material change in the estimates regarding the beneficial interest in the perpetual trust may occur in the near term. Changes to net assets with donor restrictions related to the beneficial interest in the perpetual trust are as follows:

	Beneficial Interest in Perpetual Trust
Balance at January 1, 2017	\$ 1,543,000
Investment earnings	44,208
Earnings transferred to net assets with donor restrictions	(44,208)
Unrealized loss on valuation of perpetual trust	(73,000)
Balance at December 31, 2017	\$ 1,470,000
Balance at January 1, 2018	\$ 1,470,000
Investment earnings	44,321
Earnings transferred to net assets with donor restrictions	(44,321)
Unrealized gain on valuation of perpetual trust	60,000
Balance at December 31, 2018	\$ 1,530,000

(9) Concentration of Credit Risk

At December 31, 2018 the Foundation had account balances that were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Foundation had no amounts exceeding federally insured limits as of December 31, 2018 or 2017, respectively.

(10) Concentration Risk

The Foundation is dependent on donations, fundraising, and investment earnings to fund operations and its contributions to the Kona Community Hospital. Significant changes in these revenue sources may have an impact on the operations of the Foundation and its ability to make contributions to the Kona Community Hospital.

(11) Reclassification

Certain amounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

(12) Subsequent events

Management has evaluated subsequent events through September 30, 2019, the date the financial statements were available to be issued. There were no subsequent events that require adjustments to or disclosure in the financial statements.