

**CIVIL AIR PATROL  
HAWAII WING HEADQUARTERS**

**FINANCIAL STATEMENTS**

**Year Ended September 30,2001**

*Dennis H. Ikawa  
Certified Public Accountant  
1585 Kapiolani Blvd. Suite 840  
Honolulu, Hawaii 96814*

### **Independent Auditor's Report**

To the Finance Committee of the  
Hawaii Wing Headquarters, Civil Air Patrol

I have audited the accompanying statement of financial position of Hawaii Wing Headquarters, Civil Air Patrol, as of September 30, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hawaii Wing Headquarters, Civil Air Patrol as of September 30, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

June 14, 2002



Dennis H. Ikawa  
Certified Public Accountant

**Hawaii Wing, Civil Air Patrol  
Statement of Financial Position  
September 30, 2001**

	<u>Total</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash in bank	\$38,476
Accounts and grants receivable, net of allowance for doubtful accounts of \$0 (Note D)	<u>15,483</u>
Total current assets	53,959
<b>Noncurrent Assets</b>	
Furniture and equipment, net of accumulated depreciation of \$641,062 (Note C)	<u>135,836</u>
<b>Total assets</b>	<u><u>\$189,795</u></u>
<b>LIABILITIES</b>	
Accounts payable	<u>16,187</u>
Total liabilities	<u>16,187</u>
<b>NET ASSETS</b>	
Unrestricted	<u>173,608</u>
Total net assets	<u>173,608</u>
<b>Total liabilities and net assets</b>	<u><u>\$189,795</u></u>

See accompanying notes to financial statements.

**Hawaii Wing, Civil Air Patrol**  
**Statement of Activities**  
**Year Ended September 30,2001**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support:				
Revenue from CAP organizations	\$163,571	0	0	\$163,571
Other program revenue	23,942	0	0	23,942
Membership dues	7,043	0	0	7,043
Contributions	176,245	0	0	176,245
Other program revenue	1,379	0	0	1,379
	<hr/>			
Total revenues and other support	372,180	0	0	372,180
Expenses:				
Program services-				
Emergency services	119,190	0	0	119,190
Counter Drug program	194,468	0	0	194,468
Cadet Program	20,732	0	0	20,732
Communications maintenance	6,822	0	0	6,822
Supporting services -				
Management and general	4,490	0	0	4,490
	<hr/>			
Total expenses	345,702	0	0	345,702
Excess (deficit) of revenues and support over expenses				
	26,478	0	0	26,478
Net assets, beginning of year				
	147,130	0	0	147,130
Net assets, end of year				
	\$173,608	\$0	\$0	\$173,608

See accompanying notes to financial statements.

**Hawaii Wing, Civil Air Patrol**  
**Statement of Cash flows**  
**Year Ended September 30,2001**

**Operating Activities**

Change in net assets	\$26,478
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	45,073
Contributed services and noncash contributions for capital assets	(65,950)
(Increase) decrease in operating assets:	
Accounts receivable	13,691
Accounts payable	<u>16,187</u>
Net assets provided by operating activities	<u>35,479</u>

**Investing Activities**

Purchase of property and equipment	<u>(27,892)</u>
Net assets used by investing activities	<u>(27,892)</u>
Net increase in cash	7,587
Cash balance, beginning of year	<u>30,889</u>
Cash balance, end of year	<u>\$38,476</u>

Supplemental schedule of non-cash investing activities:

HWCAP received donations of equipment valued at \$65,950

See accompanying notes to financial statements.

Hawaii Wing Headquarters, Civil Air Patrol  
 Schedule of Functional Expenses  
 Year Ended September 30, 2001

Expenditure	Total Expense	Program Services				Supporting Services	
		Emergency Services	Cadet Program	Counter Drug Program	Communication Maintenance	Mgt. & Gen	
Audit Fees	7,083	2,691	0	4,391	0	0	0
Other Accounting Services	1,602	609	0	993	0	0	0
Office Supplies	322	0	322	0	0	0	0
Materials and Supplies	391	70	207	114	0	0	0
Telephone	6,386	2,427	0	3,959	0	0	0
Postage	636	241	0	394	0	0	0
Depreciation	45,073	17,128	0	27,945	0	0	0
Facility Expense	158,745	54,901	9,779	89,575	0	4,490	0
Aircraft Operations & Maintenance	98,694	37,084	1,105	60,505	0	0	0
Vehicle Operations & Maintenance	2,643	1,004	0	1,639	0	0	0
Communications	6,822	0	0	0	6,822	0	0
Other Equipment Operations	4,703	1,787	0	2,916	0	0	0
Travel	3,284	1,248	0	2,036	0	0	0
Conferences, seminars & meeting	5,088	0	5,088	0	0	0	0
Cadet Activities	3,000	0	3,000	0	0	0	0
Senior Activities	0	0	0	0	0	0	0
Mission expenses	0	0	0	0	0	0	0
Awards	1,105	0	1,105	0	0	0	0
Misc	127	0	127	0	0	0	0
Totals	345,702	119,190	20,732	194,468	6,822	0	4,490

**HAWAII WING HEADQUARTERS, CIVIL AIR PATROL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30,2001**

**NOTE A – NATURE OF ORGANIZATION**

The organization was chartered as a private non-profit entity under federal laws on July 01, 1946. The organization provides essential services to provide voluntary contributions of private citizens, and adequate facilities, to assist in meeting local and national emergencies, to promote aerospace education and training, and to provide a cadet training and motivation program.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-for-Profit Organizations." Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the organization is required to present a statement of cash flows.

**Contributions**

The organization also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

**Income Taxes**

Income taxes are not provided for in the financial statements since the organization is exempt from federal and state income taxes under section 501©(3) of the Internal Revenue Code and similar state provisions. The organization is not classified as a private foundation. Income from activities not directly related to HWCAP'S tax exempt purpose is subject to taxation as unrelated business income.

**Basis of Reporting**

The financial statements of HWCAP have been prepared on an accrual basis, and include only the accounts of Hawaii Wing Headquarters, Civil Air Patrol, and all subordinate units are not included.

**HAWAII WING HEADQUARTERS, CIVIL AIR PATROL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30,2001**

**Donated Services**

Donated services to HWCAP includes volunteer's time to the various programs and supporting activities. These services have not been reflected in the financial statements since HWCAP will not engage in these services if not provided by donation.

**Cash and Cash Equivalents**

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results differ from those estimates.

**Functional Expenses**

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

**NOTE C – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

Building Improvements	\$ 73,345
Aircraft Improvements	251,841
Vehicles	202,631
Communication equipment	137,204
Office furniture and equipment	<u>111,877</u>
Total Cost	776,898
Accumulated depreciation and Amortization	<u>(641,062)</u>
	<u>\$ 135,836</u>

Property and equipment is reported at cost or, if donated, at fair market value at the time of donation. Depreciation is computed by the straight-line method over estimated useful lives of the assets, which range from three to fifteen years.

**HAWAII WING HEADQUARTERS, CIVIL AIR PATROL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30,2001**

**NOTE D – ACCOUNTS AND GRANTS RECEIVABLE**

Accounts and grants receivable at September 30,2001 are as follows:

CAP – National Headquarters	\$ 15,906
Others	<u>387</u>
	\$ <u>15,483</u>

**NOTE E – LEASE COMMITMENTS**

The organization has a 50-year lease agreement with the State of Hawaii in the form of a conditional promise of \$1,792,000, to use the premise at 419 Lele Street, Honolulu, Hawaii. Either the lessor or lessee upon 60 days advance written notice may terminate the lease at any time. The lease expires on March 31,2027.

**NOTE F – RELATED PARTY TRANSACTIONS**

For the year ended September 30, 2001, HWCAP had the following related party transactions:

Government appropriations and Grants: USAF	\$ 16,539
Revenue from CAP organizations for:	
Counter drug missions	59,085
Major Maintenance	1,219
Other	<u>20,778</u>
	\$ <u>81,082</u>

*Dennis H. Ikawa  
Certified Public Accountant  
1585 Kapiolani Blvd. Suite 840  
Honolulu, Hawaii 96814*

**Independent Auditor's Report**

To the Finance Committee of the  
Hawaii Wing Headquarters, Civil Air Patrol

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Aircraft Minor Maintenance is prepared for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, I do not express no opinion on it.

June 14, 2002



Dennis H. Ikawa  
Certified Public Accountant

**HAWAII WING CIVIL AIR PATROL  
 SCHEDULE OF AIRCRAFT MINOR MAINTENANCE  
 YEAR ENDED SEPTEMBER 30, 2001  
 (Unaudited)**

Aircraft Type	Tail No.	Beginning of Year Maintenance Income	Maintenance Income Earned During the Year	Maintenance Expenditures During the Year	End of Year Maintenance Income
C172	98763	2,608	4,485	4,726	2,367
C172	99881	510	1,093	1,657	(54)
C182	1658A	2,891	10,764	7,577	6,078
C182	5692J	8,189	8,142	8,788	7,543
C182	73466	(310)	9,522	10,039	(827)
C182	8047E	2,500	4,554	2,694	4,360
C182	9303X	(4,916)	22,080	24,904	(7,740)
C182	9775E	4,542	16,284	17,058	3,768
C182	9851H	3,234	7,590	7,009	3,815
P68	N800AT	7,559	13,662	10,600	10,621
		26,807	98,176 0	95,052	29,931