

HAWAII DENTAL ASSOCIATION

**FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2019
With Prior Year Comparative Information
And Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

Hawaii Dental Association:

Report on the Financial Statements

We have audited the accompanying financial statements of Hawaii Dental Association (Association), a Hawaii nonprofit corporation, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A to the financial statements, during the year ended December 31, 2019, the Association adopted Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash*. Our opinion is not modified with respect to this matter.

Report on Prior Year Comparative Information

We have previously audited the financial statements of the Association as of and for the year ended December 31, 2018 and, in our report dated October 15, 2019, we expressed an unmodified opinion on those audited financial statements. In our opinion, the accompanying prior year comparative information is consistent, in all material respects, with the audited financial statement from which it has been derived.

CW ASSOCIATES, CPAs

Honolulu, Hawaii
September 25, 2020

HAWAII DENTAL ASSOCIATION
STATEMENT OF FINANCIAL POSITION
As of December 31, 2019
(With Prior Year Comparative Information)

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash (including interest bearing accounts)	\$ 1,263,631	\$ 1,382,444
Investments in marketable securities	80,062	-
Accounts receivable – net	44,404	4,901
Convention deposits	74,295	-
Prepaid expenses and other assets	9,247	15,019
Total current assets	<u>1,471,639</u>	<u>1,402,364</u>
PROPERTY AND EQUIPMENT – Net	<u>1,966,297</u>	<u>2,012,449</u>
TOTAL ASSETS	<u>\$3,437,936</u>	<u>\$3,414,813</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 39,729	\$ 32,130
Due to societies and ADA	318,585	247,928
Prepaid membership dues	191,810	193,483
Prepaid convention fees	46,970	-
Rental deposits and other liabilities	47,816	33,314
Total current liabilities	<u>644,910</u>	<u>506,855</u>
TOTAL LIABILITIES	<u>644,910</u>	<u>506,855</u>
NET ASSETS		
Net assets without donor restrictions	<u>2,793,026</u>	<u>2,907,958</u>
Total net assets	<u>2,793,026</u>	<u>2,907,958</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$3,437,936</u>	<u>\$3,414,813</u>

See accompanying notes to the financial statements.

HAWAII DENTAL ASSOCIATION

STATEMENT OF ACTIVITIES

**For the Year Ended December 31, 2019
(With Prior Year Comparative Information)**

	<u>2019</u>	<u>2018</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and support		
Member dues	\$ 335,177	\$ 320,546
ADA convention contribution	-	273,986
Annual convention fees	137,828	401,360
Net assets released from donor restrictions	61,250	93,600
Member services	60,000	90,000
Rental income	57,785	100,406
Royalty income	55,986	55,551
County assistance	32,003	-
Other income	37,398	24,214
Total revenue and support	<u>777,427</u>	<u>1,359,663</u>
Expenses		
Program services		
Member services	342,809	320,509
Education	147,386	210,101
Membership development	71,764	87,376
Total program services	<u>561,959</u>	<u>617,986</u>
Supporting services		
Management and general	212,557	186,715
Rental activity	117,843	132,111
Total supporting services	<u>330,400</u>	<u>318,826</u>
Total expenses	<u>892,359</u>	<u>936,812</u>
Increase (decrease) in net assets without donor restrictions	<u>(114,932)</u>	<u>422,851</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions with donor restrictions	61,250	93,100
Net assets released from donor restrictions	<u>(61,250)</u>	<u>(93,600)</u>
Decrease in net assets with donor restrictions	<u>-</u>	<u>(500)</u>
INCREASE (DECREASE) IN NET ASSETS	(114,932)	422,351
NET ASSETS – Beginning of year	<u>2,907,958</u>	<u>2,485,607</u>
NET ASSETS – End of year	<u>\$2,793,026</u>	<u>\$2,907,958</u>

See accompanying notes to the financial statements.

HAWAII DENTAL ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

**For the Year Ended December 31, 2019
(With Prior Year Comparative Information)**

	Program Services			Supporting Services			2019 Total	2018 Total	
	Member Services	Education	Membership Development	Total Program Services	Management and General	Rental Activity			Total Supporting Services
Salaries, wages, and benefits	\$ 94,246	\$ 22,224	\$14,697	\$131,167	\$ 86,471	\$ 3,728	\$ 90,199	\$221,366	\$225,207
Committee projects	101,509	2,304	28,312	132,125	708	-	708	132,833	157,174
Conferences and meetings	73,032	-	12,065	85,097	35,366	-	35,366	120,463	102,364
Convention	-	110,777	-	110,777	-	-	-	110,777	169,873
Professional fees	-	-	-	-	60,136	12,042	72,178	72,178	63,484
Depreciation	6,072	1,413	942	8,427	5,443	38,471	43,914	52,341	51,202
Taxes and fees	5,748	665	443	6,856	2,562	20,302	22,864	29,720	31,477
Office	9,768	3,842	2,769	16,379	10,545	533	11,078	27,457	21,767
Repairs and maintenance	3,143	731	488	4,362	2,817	19,912	22,729	27,091	33,567
Utilities	3,052	710	474	4,236	2,737	19,339	22,076	26,312	37,081
Membership services	23,837	-	-	23,837	-	-	-	23,837	10,701
Contributions to Foundation	20,047	-	-	20,047	-	-	-	20,047	4,095
Bank fees	-	4,165	10,671	14,836	645	-	645	15,481	10,809
Insurance	2,355	555	367	3,277	4,948	3,516	8,464	11,741	11,980
Other expenses	-	-	536	536	179	-	179	715	6,031
Total expenses	<u>\$342,809</u>	<u>\$147,386</u>	<u>\$71,764</u>	<u>\$561,959</u>	<u>\$212,557</u>	<u>\$117,843</u>	<u>\$330,400</u>	<u>\$892,359</u>	<u>\$936,812</u>

See accompanying notes to the financial statements.

HAWAII DENTAL ASSOCIATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019
(With Prior Year Comparative Information)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (114,932)	\$ 422,351
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	52,341	51,202
Loss on disposal of property and equipment	-	5,468
Unrealized gains on marketable securities	(58)	-
(Increase) decrease in		
Accounts receivable – net	(39,503)	85,134
Convention deposits	(74,295)	82,534
Prepaid expenses and other assets	5,772	(10,934)
Increase (decrease) in		
Accounts payable and accrued liabilities	7,599	(17,271)
Due to societies and ADA	70,657	(121,310)
Prepaid membership dues	(1,673)	(23,875)
Prepaid convention fees	46,970	(365,327)
Net cash provided (used) by operating activities	<u>(47,122)</u>	<u>107,972</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of marketable securities	220,000	-
Purchases of marketable securities	(300,004)	-
Purchases of property and equipment	(6,189)	(6,628)
Net cash used by investing activities	<u>(86,193)</u>	<u>(6,628)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in rental deposits and other liabilities	14,502	(9,103)
Net cash provided (used) by financing activities	<u>14,502</u>	<u>(9,103)</u>
NET INCREASE (DECREASE) IN CASH	(118,813)	92,241
CASH – Beginning of year	<u>1,382,444</u>	<u>1,290,203</u>
CASH – End of year	<u>\$1,263,631</u>	<u>\$1,382,444</u>

See accompanying notes to the financial statements.

HAWAII DENTAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

**As of and for the Year Ended December 31, 2019
(With Prior Year Comparative Information)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity

The Hawaii Dental Association (Association) is a nonprofit Hawaii corporation organized in February 1976 to encourage the improvement of the health of the public and to promote the art and science of dentistry. The Association is supported primarily through member dues and annual convention fees.

The Association is affiliated with various county societies (Societies) which consist of Honolulu County Dental Society, Hawaii County Dental Society, Maui County Dental Society, and Kauai County Dental Society, which have been organized and chartered in conformity with the constitution and by-laws of the Association and are all separate legal entities. The Societies are recognized as separate entities by the Association, provided that the fully privileged members of each Society consist of dentists who are members in good standing of the Association and the American Dental Association (ADA).

Basis of Accounting

The Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Support is recorded as an increase 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 asset with donor restrictions. When a restriction is satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give, those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met. Revenue from member dues is recorded in the applicable membership period. Revenue related to annual convention fees, rental income, member services, royalty income, and other income is recognized when earned. Revenue related to conferences is recognized in the period in which the events occur. Amounts due to Societies and the ADA, and prepaid membership dues, represent member dues collected during the current year for the subsequent year. Prepaid annual convention fees represent amounts collected during the current year from attendees who will attend the subsequent year's convention.

Expenses are recognized when the related liability is incurred. The Association 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, such as building expenses, are allocated by based on square footage for capital related costs such as depreciation, utilities, real property taxes; the content and objectives for conferences and meetings; and actual time spent by personnel for all other expenses.

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

HAWAII DENTAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**As of and for the Year Ended December 31, 2019
(With Prior Year Comparative Information)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The accompanying financial statements have been prepared 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 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 revenue and expenses during the reporting period. Actual results could differ from those estimates, and it is reasonably possible that such differences will occur within the near term.

Concentrations of Credit Risk

Financial instruments that potentially subject the Association to credit risk include cash, investments, and accounts receivable. Cash on deposit with financial institutions exceeded the insured amount by approximately \$546,000 and \$864,000 at December 31, 2019 and 2018, respectively. Accounts receivable, which have been adjusted for all known doubtful accounts (none at December 31, 2019 and 2018), are determined to be collectible or uncollectible based on an assessment by management of the facts and circumstances related to the individual accounts. Investments 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 are stated at fair value. Net realized and unrealized gains and losses, determined using the average cost method, are included in other income.

Property and Equipment

Property and equipment is stated at cost, or if contributed, at the estimated fair market value at the date of contribution. Depreciation of property and equipment is provided using the straight-line method over estimated useful lives of seven to 40 years for buildings and improvements and five to 10 years for office furniture, fixtures, and equipment. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Expenditures for major additions and purchased or donated assets in excess of \$1,000 are capitalized. Minor replacements, maintenance, and repairs are charged to expense as incurred.

HAWAII DENTAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**As of and for the Year Ended December 31, 2019
(With Prior Year Comparative Information)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Board Designated Net Assets

At December 31, 2019 and 2018, the Association's Board of Trustees had designated \$0 and \$16,090, respectively, of the Association's net assets without donor restriction to fund operations and future building maintenance.

Hawaii General Excise Tax

The State of Hawaii imposes a general excise tax of 4% on the gross receipts of the Association receipts from rental income and other activities not directly related to its exempt purpose within the State; plus an additional 0.5% for such gross receipts within the City and County of Honolulu. For the years ended December 31, 2019 and 2018, Hawaii general excise tax included in revenue and expenses amounted to \$5,085 and \$7,810, respectively.

Income Taxes

The Association is exempt from income taxes under U.S. Internal Revenue Code Section 501(c)(6). However, it is subject to income tax on unrelated business income (none for the years ended December 31, 2019 and 2018). 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 Association's tax positions as of December 31, 2019 and 2018, 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 Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods.

Adoption of New Accounting Pronouncement

In November 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash*. Under this ASU, restricted cash is included with cash when reconciling the beginning-of-period and end-of-period amounts shown on the statement of cash flows. In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a framework for determining when a transaction should be accounted for as a contribution or as an exchange transaction. This ASU also requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

The adoption of these ASUs by the Association during the year ended December 31, 2019 did not have a significant impact on the Association's financial statements as of and for the years ended December 31, 2019 and 2018.

HAWAII DENTAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2019
(With Prior Year Comparative Information)

NOTE B – CASH (INCLUDING INTEREST-BEARING ACCOUNTS)

At December 31, 2019 and 2018, cash (including interest-bearing accounts) consisted of the following

	<u>2019</u>	<u>2018</u>
Operating cash (including interest bearing accounts)	\$1,258,735	\$1,375,238
Cash held by property management company	<u>4,896</u>	<u>7,206</u>
Total cash (including interest bearing accounts)	<u>\$1,263,631</u>	<u>\$1,382,444</u>

NOTE C – LIQUIDITY

The Association manages its liquid resources to ensure that it has adequate resources to fund the programs it conducts. It monitors actual financial results to ensure that it controls costs and remains liquid. The Association's policy is to maintain cash balances sufficient to provide for its general expenditures, liabilities, and other obligations as they come due. These financial assets are not subject to donor or other contractual restrictions that would make them unavailable for general expenditure within one year of the statement of financial position date. The Association also has a line-of-credit (see Note G) to meet unanticipated operating needs.

At December 31, 2019 and 2018, the Association's financial assets and the amounts of financial assets that were readily available within one year of the statement of financial position date to meet general expenditures were as follows:

	<u>2019</u>	<u>2018</u>
Cash (including interest bearing accounts)	\$1,263,631	\$1,382,444
Investments in marketable securities	80,062	-
Accounts receivable – net	<u>44,404</u>	<u>4,901</u>
Total	1,388,097	1,387,345
Cash held by property management company	<u>(4,896)</u>	<u>(7,206)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,383,201</u>	<u>\$1,380,139</u>

HAWAII DENTAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2019
(With Prior Year Comparative Information)

NOTE D – INVESTMENTS IN MARKETABLE SECURITIES

At December 31, 2019 and 2018, investments in marketable securities consisted of the following

	<u>2019</u>	<u>2018</u>
Brokered certificates of deposit	\$50,000	\$ -
Exchange traded funds	<u>30,062</u>	<u>-</u>
Total investments in marketable securities	<u>\$80,062</u>	<u>\$ -</u>

At December 31, 2019 and 2018, the fair value of the investments in marketable securities exceeded their cost by \$58 and \$0, respectively. Investment income (included in other income) consisted of the following for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$3,893	\$ 176
Unrealized gains from holding marketable securities	<u>(58)</u>	<u>-</u>
Total investment income	<u>\$3,835</u>	<u>\$ 176</u>

NOTE E – FAIR VALUE MEASUREMENTS

The established frame work 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 the Association 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 Association values brokered certificates of deposit and exchange traded funds at quoted market prices, a Level 1 measurement. There were no investments valued as Level 2 or Level 3. 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.

HAWAII DENTAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2019
(With Prior Year Comparative Information)

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

The following sets forth by level, within the fair value hierarchy, the Association's investments in marketable securities at fair value as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Brokered certificates of deposit	\$50,000	\$ -	\$ -	\$50,000
Exchange traded funds				
Short-term bond index fund	<u>30,062</u>	<u>-</u>	<u>-</u>	<u>30,062</u>
Total investments in marketable securities	<u>\$80,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$80,062</u>

NOTE F – PROPERTY AND EQUIPMENT

At December 31, 2019 and 2018, property and equipment consisted of the following

	<u>2019</u>	<u>2018</u>
Land	\$ 690,644	\$ 690,644
Buildings and improvements	1,958,720	1,958,720
Office furniture, fixtures, and equipment	<u>18,723</u>	<u>33,228</u>
Total	<u>2,668,087</u>	<u>2,682,592</u>
Accumulated depreciation	<u>(701,790)</u>	<u>(670,143)</u>
Property and equipment – net	<u>\$1,966,297</u>	<u>\$2,012,449</u>

NOTE G – LINE-OF-CREDIT

The Association has a \$500,000 revolving line-of-credit for working capital with Central Pacific Bank (Bank) that is available to November 30, 2020. Advances on the line-of-credit bear interest at the Bank's prime interest rate plus 0.5% and is collateralized by substantially all of the Association's assets. There were no advances on the line-of-credit at December 31, 2019 and 2018. At December 31, 2019 and 2018, the Bank's prime interest rate was 4.75% and 5.5%, respectively.

HAWAII DENTAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2019
(With Prior Year Comparative Information)

NOTE H – LEASE

The Association leases a portion of its building and improvements to others under operating leases expiring in February 2021. The leases generally provide for annual increases in the monthly base rent. For the years ended December 31, 2019 and 2018, rental income amounted to \$57,785 and \$100,406, respectively, and rental activity expenses amounted to \$117,843 and \$132,111, respectively. Rental income for the years ended December 31, 2019 and 2018 included \$29,473 and \$45,348, respectively, in common area maintenance and Hawaii general excise taxes collected from tenants and remitted to the State of Hawaii.

At December 31, 2019, future minimum lease receipts were expected to approximate the following:

Years Ending December 31	
2020	\$25,200
2021	\$ 4,200

NOTE I – RETIREMENT PLAN

Effective January 1, 2018, the Association established a Simple IRA Plan covering all full-time employees. The Association may make discretionary contributions to this plan up to 6% of participants' eligible compensation. For the years ended December 31, 2019 and 2018 the Association contributed \$4,634 and \$2,116, respectively, to this plan.

NOTE J – RELATED PARTY TRANSACTIONS

The Association provides program and administrative services to the Honolulu County Dental Society (Society). For the years ended December 31, 2019 and 2018, professional fees for such services were \$60,000 and \$90,000, respectively. The Society did not owe the Association for professional fees at December 31, 2019 and 2018. The Association also collects member dues for and remits dues to the Society. Amounts due to the Society for prepaid membership dues amounted to \$58,268 and \$45,286 at December 31, 2019 and 2018, respectively. During the year ended December 31, 2019, the Association began providing assistance to the County Dental Societies with respect to their events, for which it received fees of \$32,003.

The Association has an operating agreement with the Hawaii Dental Association Foundation (Foundation). The Foundation's purpose is to address the long-term charitable and community priorities of the Association. The Association provides in-kind administrative support for the general operation of the Foundation. For the years ended December 31, 2019 and 2018, total support provided to the Foundation amounted to \$20,047 and \$4,095, respectively. At December 31, 2019 and 2018, amounts due to the Foundation for money collected on behalf of the Foundation amounted to \$18,200 and \$6,110, respectively.

HAWAII DENTAL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2019
(With Prior Year Comparative Information)

NOTE K – CONTINGENCIES

The Association 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 Association operates 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 financial statements do not include the adjustment that would result if the Association were to account for future losses or asset impairments, as the effects on the financial statements of the Association from such changes in economic conditions are not presently determinable.

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 25, 2020, which is the date the financial statements were available to be issued, and determined that the Association did not have any subsequent events requiring adjustment to the financial statements or disclosure in the notes to the financial statements, except as noted below.

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 negative economic impact from such disruption. The Association expects this matter to negatively impact its operating results; however, the related financial impact cannot be reasonably estimated at this time.
