

**MAUI UNITED WAY**

**AUDITED FINANCIAL STATEMENTS  
(With Independent Auditor's Report)**

**FOR THE YEAR ENDED  
JUNE 30, 2015**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Maui United Way  
Wailuku, Maui, Hawaii

We have audited the accompanying financial statements of Maui United Way (a Hawaii Non-Profit Corporation), which comprise of the statement of financial position as of June 30, 2015, and the related statement of activities and changes in net assets and statement of 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**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maui United Way as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended for the information of the board of trustees and management of Maui United Way and is not intended to be and should not be used by anyone other than these specified parties.

*Melanie Devereux, CPA, LLC*

Makawao, Hawaii  
December 3, 2015

MAUI UNITED WAY

Statement of Financial Position  
For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	ASSETS	
	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents (Note 2)	\$ 14,032	\$ 19,186
Certificates of Deposits	181,127	180,903
Pledges Receivable	327,587	342,478
Allowance for Uncollectible Pledges	(65,000)	(65,000)
Prepaid Expenses	<u>8,562</u>	<u>7,062</u>
Total Current Assets	466,308	484,629
<b>FIXED ASSETS (Note 2)</b>		
Building	258,484	258,484
Furniture & Equipment	55,985	55,985
Leasehold Improvements	<u>29,514</u>	<u>29,514</u>
Total Fixed Assets	343,983	343,983
Less Accumulated Depreciation	<u>(151,415)</u>	<u>(140,468)</u>
Net Fixed Assets	192,568	203,515
<b>OTHER ASSETS</b>		
Investments (Note 4)	<u>1,617,005</u>	<u>1,741,747</u>
Total Other Assets	<u>1,617,005</u>	<u>1,741,747</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,275,881</u></u>	<u><u>\$ 2,429,891</u></u>

The accompanying notes and independent auditor's report  
are an integral part of these financial statements.

MAUI UNITED WAY

Statement of Financial Position (Continued)  
For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 30,875	\$ 3,074
Payroll Liabilities	<u>7,033</u>	<u>4,630</u>
Total Current Liabilities	37,908	7,704
<b>TOTAL LIABILITIES</b>	<b>37,908</b>	<b>7,704</b>
<b>NET ASSETS (Note 3)</b>		
Unrestricted Net Assets	429,260	543,460
Temporarily Restricted Net Assets	849,990	920,004
Permanently Restricted Net Assets	<u>958,723</u>	<u>958,723</u>
Total Net Assets	<u>2,237,973</u>	<u>2,422,187</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,275,881</u></b>	<b><u>\$ 2,429,891</u></b>

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are an integral part of these financial statements.

MAUI UNITED WAY

Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	2015			Total	2014 Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>		
<b>SUPPORT AND REVENUE</b>					
Campaign Contributions	\$ -	\$ 907,348	\$ -	\$ 907,348	\$ 991,021
Less Provision for Uncollectible Pledges	-	(57,358)	-	(57,358)	(71,017)
Net Campaign Contributions	-	849,990	-	849,990	920,004
(Loss) Gain on Investments	(26,403)	-	-	(26,403)	164,011
Investment Income	62,316	-	-	62,316	45,495
In Kind Donations	1,135	-	-	1,135	925
Other Income	1,669	-	-	1,669	-
Net Assets Released from Restrictions	920,004	(920,004)	-	-	-
Total Support and Revenue	958,721	(70,014)	-	888,707	1,130,435
<b>EXPENSES</b>					
Campaign and Program Services	869,876	-	-	869,876	877,616
Management and General	139,689	-	-	139,689	126,258
Fundraising	63,356	-	-	63,356	58,001
Total Expenses	1,072,921	-	-	1,072,921	1,061,875
<b>CHANGE IN NET ASSETS</b>	(114,200)	(70,014)	-	(184,214)	68,560
<b>NET ASSETS, BEGINNING OF YEAR</b>	543,460	920,004	958,723	2,422,187	2,353,627
<b>NET ASSETS, END OF YEAR</b>	\$ 429,260	\$ 849,990	\$ 958,723	\$ 2,237,973	\$ 2,422,187

The accompanying notes and independent auditor's report are an integral part of these financial statements.

MAUI UNITED WAY

Statement of Functional Expenses  
For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	2015				2014 Total
	Campaign and Program	Management and General	Fundraising	Total	
Salaries and Wages	\$ 135,825	\$ 35,683	\$ 9,027	\$ 180,535	\$ 179,708
Employee Benefits	41,439	11,050	2,763	55,252	57,649
Payroll Taxes	11,003	2,934	734	14,670	16,459
Allocations to Agencies	570,777	-	-	570,777	587,433
Labor Community Services	70,360	-	-	70,360	61,387
Professional Fees	2,619	22,257	1,309	26,185	18,992
Dues and Subscriptions	15,680	1,120	5,600	22,400	23,244
Campaign Events	-	-	29,281	29,281	25,626
Investment Management Fees	-	15,431	-	15,431	15,365
Depreciation	3,284	5,474	2,190	10,948	10,954
Equipment	4,198	6,997	2,799	13,993	11,455
Occupancy	4,498	7,496	2,998	14,992	14,274
Printing	1,552	12,414	1,552	15,518	10,930
Telephone	2,402	3,002	600	6,004	6,306
Advertising	1,359	-	-	1,359	1,368
Travel and Entertainment	432	3,454	432	4,318	3,108
Electricity	1,606	1,606	803	4,015	4,282
Postage and Supplies	1,023	3,069	1,023	5,115	4,315
Conference and Meetings	1,042	868	1,562	3,472	1,740
Insurance	292	2,479	146	2,917	2,476
Bank and Merchant Fees	-	2,754	-	2,754	2,422
General Excise Tax	-	-	438	438	827
Real Property Tax	150	250	100	500	500
Miscellaneous	337	1,350	-	1,687	1,055
	<u>\$ 869,876</u>	<u>\$ 139,689</u>	<u>\$ 63,356</u>	<u>\$ 1,072,921</u>	<u>\$ 1,061,875</u>

The accompanying notes and independent auditor's report are an integral part of these financial statements.

MAUI UNITED WAY

Statement of Cash Flows  
For the Year Ended June 30, 2015

(With Comparative Totals for the Year Ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received From Campaign Contributions	\$ 864,881	\$ 930,323
Cash Received From Investment Income	62,316	45,495
Cash Received From Other Income	1,669	45,495
Cash Used From Losses on Investments	(26,403)	164,011
Cash Paid to Employees and Vendors	<u>(1,032,134)</u>	<u>(1,100,988)</u>
Net Cash (Used) Provided by Operating Activities (Note 6)	(129,671)	38,841
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Change in Certificates of Deposit	(224)	(346)
Change in Investment Accounts	<u>124,741</u>	<u>(85,593)</u>
Net Cash Provided (Used) by Investing Activities	<u>124,517</u>	<u>(85,939)</u>
<b>NET (DECREASE) CASH</b>	<u>(5,154)</u>	<u>(47,098)</u>
<b>CASH BALANCE, BEGINNING OF YEAR</b>	<u>19,186</u>	<u>66,284</u>
<b>CASH BALANCE, END OF YEAR</b>	<u>\$ 14,032</u>	<u>\$ 19,186</u>

The accompanying notes and independent auditor's report  
are an integral part of these financial statements.



## MAUI UNITED WAY

### Notes to the Financial Statements For the Year Ended June 30, 2015

#### 1. ORGANIZATION

Maui United Way (the Organization) is a nonprofit organization established in 1944. The Organization is guided by a locally based board of directors implementing policies unique to its community's needs. The Organization is a member of the United Way Statewide Association of Hawaii, a cooperative effort among the various United Way Organizations in Hawaii to improve lives by mobilizing the caring power of the communities. The Organization is also a member of The United Way of America, a trade organization that supports local United Ways nationwide.

The Organization receives its financial support principally through an annual fundraising campaign. Contributions are primarily received from companies, foundations and individuals through payroll deductions plans. The funds raised, after deducting support services costs, are distributed on a monthly basis to the Organization's member agencies based on the recommendation of the Organization's allocation committee and approved by the Organization's board of directors.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Method of Accounting

The accrual basis of accounting is used for financial and income tax reporting purposes. Under this method of accounting, revenues are recorded when earned and expenses are recorded when the obligation is incurred.

##### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-205 *Not-for-Profit Entities Presentation of Financial Statements*, formerly Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-205, the Organization is required to report 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.

##### Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

## MAUI UNITED WAY

### Notes to the Financial Statements For the Year Ended June 30, 2015

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Management's Use of 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 estimates.

##### Property and Equipment

Furniture, fixtures and equipment are stated at cost. The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment that have a useful life for a year or more. The fair value of donated fixed assets is similarly capitalized when a clearly measurable and objective basis for determining the value is available. Such donations are reported as unrestricted revenue unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided on a straight-line basis over the estimated useful life of each asset.

##### Income Taxes

The Organization has been granted a tax-exempt status as a nonprivate foundation under Internal Revenue Code Section 501(c)(3) and by the Hawaii Revised Statutes Sections 237-23(b). Contributions to the organization are tax deductible. Accordingly, no provision for income taxes has been recorded in the statements of activity and financial position. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June, 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

##### Donated Services

The Organization receives services donated by the general public in carrying out its purpose. No amounts have been reflected in the financial statements for donated services since they do not meet the criteria for recognition under ASC 958-605 *Not-for-Profit Entities Revenue Recognition*, formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

## MAUI UNITED WAY

### Notes to the Financial Statements For the Year Ended June 30, 2015

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. There are no unconditional promises to give beyond the subsequent year.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises to give.

##### Functional Allocation of Expenses

ASC 958-205 requires that not-for-profit organizations group their expenses by functional classifications: Program Services, Supporting Services, and Fundraising. Expenses are charged directly to program services, supporting services or fundraising based on specific identification. Other expenses such as payroll, payroll taxes, employee benefits and occupancy related costs are allocated based on estimated usage.

##### Advertising Costs

The Organization expenses nondirect-response advertising costs as they are incurred and no direct-response advertising costs were incurred.

## MAUI UNITED WAY

### Notes to the Financial Statements For the Year Ended June 30, 2015

#### 3. NET ASSETS

The Organization has conformed to ASC 958-210-45-9 "Not-for-Profit Entities, Classification of Net Assets." Accordingly, the Organization is required to report 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.

Unrestricted net assets represent those assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets represent those net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization's temporarily restricted net assets consist of the current year net campaign contributions to be utilized in fiscal year ended June 30, 2015.

Permanently restricted net assets represent those net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

#### 4. INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, based on quoted prices in active markets with gains or losses included in the statements of activities. Interest and dividend income and net realized and unrealized gains or losses are reported in the period earned as increases, or decreases to unrestricted net assets.

ASC FASB 820-10 Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement in its entirety fails is determined based on the lowest level input that is significant to the measurement in its entirety.

## MAUI UNITED WAY

### Notes to the Financial Statements For the Year Ended June 30, 2015

#### 4. INVESTMENTS (Continued)

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value.

Level 2 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly and include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, 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.

Level 3 inputs are unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances.

For the year ended June 30, 2015, the Organization engaged solely in level 1 inputs.

The Organization held the following investments at June 30, 2015:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized</u> <u>(Loss) Gain</u>
Money market funds	\$ 26,967	\$ 26,967	\$ -
Mutual funds - Fixed income	245,160	241,636	(3,524)
Equity securities	369,791	364,773	(5,018)
Mutual funds - equity securities	888,657	983,629	94,972
Unsettled purchases/ sales	-	-	-
	<u>\$ 1,530,575</u>	<u>\$ 1,617,005</u>	<u>\$ 86,430</u>

#### 5. COMMITMENT TO MEMBER AGENCIES

Current allocations to member agencies are paid out subsequent to the end of the previous year's campaign. Allocations for the 2013-2014 campaign year, made in the year ended June 30, 2015, amounted to \$555,430. The Organization is committed to fund member agencies \$425,858 for 2014-2015 campaign.

MAUI UNITED WAY

Notes to the Financial Statements  
For the Year Ended June 30, 2015

6. RECONCILIATION OF (DEFICIT) EXCESS OF SUPPORT AND REVENUE OVER EXPENSES WITH NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES

	<u>2015</u>	<u>2014</u> <u>Comparative</u>
(Deficit) excess of support and revenue over expenses	\$ (184,214)	\$ 68,560
Adjustment to reconcile (deficit) excess of support and revenue over expenses to net cash (used) provided by operating activities:		
Depreciation	10,948	10,954
Decrease in accounts receivable	14,891	13,766
(Increase) in prepaid expenses	(1,500)	(4,059)
Increase (decrease) in accounts payables	27,801	(51,834)
Increase in payroll liabilities	<u>2,403</u>	<u>1,454</u>
Net cash (used) provided by operating activities	<u>\$ (129,671)</u>	<u>\$ 38,841</u>

7. LEASE OBLIGATIONS

The Organization has entered into several five year lease agreements for office equipment for the Wailuku office. The leases were signed in 2009, 2011 and 2012 and minimum monthly payments are \$182, \$260 and \$303, respectively. Future minimum lease payments for years ended June 30 are:

2016	\$ 6,756
2017	4,936
2018	<u>909</u>
Total	<u>\$ 12,601</u>

8. RETIREMENT PLAN

The Organization adopted a Simple Retirement Plan, which provides for a contribution of 6% of qualifying employees' compensation. The Organization's contribution for the year ended June 30, 2015 amounted to \$10,649.

## MAUI UNITED WAY

### Notes to the Financial Statements For the Year Ended June 30, 2015

#### 9. ALLOCATION TO MEMBER AGENCIES

The Organization has designated allocations to agency partners during the year ended June 30, 2015 as follows:

Aloha House	\$ 19,725
Alzheimer's Association	9,859
American Heart Association	7,394
American Red Cross	12,535
Best Buddies	13,440
Big Brothers / Big Sisters	21,714
Book Trust	11,609
Boy Scouts of America	11,846
Catholic Charities	17,624
Child and Family Services	15,690
Credit Counseling	9,307
Community Clinic	19,974
Feed My Sheet	16,423
Girl Scouts Council of Hawaii	6,891
Habitat for Humanity	20,305
Hawaii Meth Project	15,390
Hospice Maui	19,142
IMUA Family Services Camp	13,239
IMUA Family Services- Childhood	25,753
Ka Hale A Ke Ola	10,109
Lahaina Arts Association	9,408
Malama Family Recovery Center	14,326
Maui Adult Day Care Center	24,101
Maui AIDS Foundation	4,814
Maui Family Support Services	22,759
Maui Family YMCA	3,322
Maui Farm	5,651
Maui Youth and Family Services	14,878
Mediation Services of Maui	16,593
Mental Health Association	7,996

MAUI UNITED WAY

Notes to the Financial Statements  
For the Year Ended June 30, 2015

9. ALLOCATION TO MEMBER AGENCIES (Continued)

Mental Health Kokua	13,366
Ohana Makamae	13,410
PACT	3,803
Planned Parenthood	16,700
PATCH - People Attentive to Children	3,037
Salvation Army	14,620
Special Olympics Hawaii, Maui	10,560
Women Helping Women	26,100
Partner of the Year Award	1,000
Boys and Girls Clubs of Maui	16,902
Paia Youth Council, Inc.	14,115
Prior Year Deferred Partner Payment	7,105
Non-Partner Agencies	8,242
	<u>\$ 570,777</u>

10. MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 3, 2015. There are no subsequent events that would have a material effect on the financial statements and this is the date the financial statements were available to be issued.