

MAUI UNITED WAY

AUDITED FINANCIAL STATEMENTS
(With Independent Auditor's Report)

FOR THE YEAR ENDED
JUNE 30, 2020

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, 2020, 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, 2020, 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
March 24, 2021

MAUI UNITED WAY

Statement of Financial Position
For the Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	ASSETS	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 413,968	\$ 150,047
Accounts Receivable	1,000	-
Pledges Receivable	238,514	248,264
Allowance for Uncollectible Pledges	(56,000)	(56,000)
Prepaid Expenses	<u>6,349</u>	<u>6,844</u>
Total Current Assets	603,831	349,155
FIXED ASSETS		
Building	-	258,484
Furniture & Equipment	55,985	55,985
Leasehold Improvements	<u>-</u>	<u>29,514</u>
Total Fixed Assets	55,985	343,983
Less Accumulated Depreciation	<u>(55,985)</u>	<u>(193,844)</u>
Net Fixed Assets	-	150,139
OTHER ASSETS		
Investments	<u>2,016,601</u>	<u>1,959,221</u>
Total Other Assets	<u>2,016,601</u>	<u>1,959,221</u>
TOTAL ASSETS	<u>\$ 2,620,432</u>	<u>\$ 2,458,515</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, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 24,844	\$ 3,489
Payroll Liabilities	10,429	6,535
Deferred Revenue	-	10,600
Deposit on Condo Sale	-	15,000
Paycheck Protection Loan	<u>58,400</u>	<u>-</u>
Total Current Liabilities	93,673	35,624
TOTAL LIABILITIES	93,673	35,624
NET ASSETS		
Net Assets without Donor Restrictions	691,283	568,196
Net Assets with Donor Restrictions	<u>1,835,476</u>	<u>1,854,695</u>
Total Net Assets	<u>2,526,759</u>	<u>2,422,891</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,620,432</u>	<u>\$ 2,458,515</u>

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MAUI UNITED WAY

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	2020		Total	2019 Total
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>		
SUPPORT AND REVENUE				
Campaign Contributions	\$ -	\$ 942,187	\$ 942,187	\$ 934,493
Less Provision for Uncollectible Pledges	-	(128,392)	(128,392)	(38,521)
Net Campaign Contributions	-	813,795	813,795	895,972
Realized Gain (Loss) on Investments	(2,401)	-	(2,401)	(12,099)
Unrealized Gain (Loss) on Investments	28,694	-	28,694	77,004
Investment Income	50,350	-	50,350	40,402
In Kind Donations	5,695	-	5,695	-
Grant Revenue	85,277	-	85,277	-
COVID Safety Net Donations	-	215,145	215,145	-
Maui ESG Revenue	53,549	-	53,549	-
Other Income	20,027	-	20,027	44,692
Net Assets Released from Restrictions	<u>1,048,159</u>	<u>(1,048,159)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	1,289,350	(19,219)	1,270,131	1,045,971
EXPENSES				
Campaign and Program Services	932,013	-	932,013	775,762
Management and General	194,846	-	194,846	170,799
Fundraising	<u>39,404</u>	<u>-</u>	<u>39,404</u>	<u>153,279</u>
Total Expenses	1,166,263	-	1,166,263	1,099,840
CHANGE IN NET ASSETS	123,087	(19,219)	103,868	(53,869)
NET ASSETS, BEGINNING OF YEAR	<u>568,196</u>	<u>1,854,695</u>	<u>2,422,891</u>	<u>2,476,760</u>
NET ASSETS, END OF YEAR	<u>\$ 691,283</u>	<u>\$ 1,835,476</u>	<u>\$ 2,526,759</u>	<u>\$ 2,422,891</u>

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, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	2020				2019 Total
	Campaign and Program	Management and General	Fundraising	Total	
Salaries and Wages	\$ 137,852	\$ 63,624	\$ 10,604	\$ 212,080	\$ 202,820
Employee Benefits	41,278	19,051	3,175	63,504	76,142
Payroll Taxes	12,868	5,939	990	19,797	18,374
Allocations to Agencies	424,220	-	-	424,220	468,364
Rent and Utility Assistance	24,294	-	-	24,294	-
COVID Safety Net Fund Payments	127,893	-	-	127,893	-
A Hui Hou Program - Financial Assistance	-	-	-	-	45,675
Labor Community Services	4,435	-	-	4,435	3,351
Professional Fees	8,007	22,418	1,601	32,026	19,695
Fiscal Sponsorship	97,937	-	-	97,937	5,600
Dues and Subscriptions	7,667	548	2,738	10,953	15,903
Event Costs and Distribution to Receptients	-	-	-	-	116,496
Investment Management Fees	-	19,222	-	19,222	17,907
Management Fees	13,285	-	-	13,285	12,301
Depreciation	244	406	162	812	10,583
Equipment	4,099	6,831	2,732	13,662	13,466
Occupancy	7,437	12,396	4,958	24,791	36,686
Printing	1,817	3,028	1,211	6,056	7,289
Telephone	1,123	1,871	749	3,743	4,843
Advertising	3,806	-	-	3,806	4,915
Travel and Entertainment	364	2,914	364	3,642	1,801
Electricity	4,600	4,600	2,300	11,500	1,411
Postage and Supplies	5,787	17,362	5,787	28,936	5,290
Conference and Meetings	1,201	1,001	1,801	4,003	923
Insurance	257	2,182	128	2,567	3,003
Bank and Merchant Fees	-	2,086	-	2,086	3,461
Loss on Sale of Assets	-	8,956	-	8,956	-
Miscellaneous	1,542	411	104	2,057	3,541
	<u>\$ 932,013</u>	<u>\$ 194,846</u>	<u>\$ 39,404</u>	<u>\$ 1,166,263</u>	<u>\$ 1,099,840</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, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Campaign Contributions	\$ 822,545	\$ 905,660
Cash Received From Grants and Donations	353,971	40,402
Cash Received From Investment Income	50,350	40,402
Cash Received From Other Income	9,427	55,292
Cash Provided by Gains on Investments	26,293	64,905
Cash Paid to Employees and Vendors	<u>(1,124,986)</u>	<u>(1,096,258)</u>
Net Cash Provided (Used) by Operating Activities	137,600	(29,999)
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in Investment Accounts	<u>(57,380)</u>	<u>(87,360)</u>
Net Cash (Used) by Investing Activities	<u>(57,380)</u>	<u>(87,360)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP Loan	58,400	-
Proceeds from Sale of Condo	<u>125,301</u>	<u>15,000</u>
Net Cash Provided by Financing Activities	<u>183,701</u>	<u>15,000</u>
NET INCREASE (DECREASE) IN CASH	<u>263,921</u>	<u>(102,359)</u>
CASH BALANCE, BEGINNING OF YEAR	<u>150,047</u>	<u>252,406</u>
CASH BALANCE, END OF YEAR	<u>\$ 413,968</u>	<u>\$ 150,047</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, 2020

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*. Under ASC 958-205, the Organization is required to report 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.

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, 2020

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 30, 2018, 2019 and 2020 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*.

MAUI UNITED WAY

Notes to the Financial Statements For the Year Ended June 30, 2020

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 non-direct response advertising costs as they are incurred and no direct-response advertising costs were incurred.

3. NET ASSETS

The Organization has conformed to FASB ASU 2016-14, Not-for-Profit (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, the Organization is required to report 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.

MAUI UNITED WAY

Notes to the Financial Statements For the Year Ended June 30, 2020

3. NET ASSETS (Continued)

Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions include all resources that are not subject to donor-imposed stipulations or contributions with donor-imposed restrictions that are met during the same fiscal year as the contribution is made.

Net assets with donor restrictions include amounts that the donor subjects to restrictions in perpetuity and amounts subject to legal or donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.

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 falls is determined based on the lowest level input that is significant to the measurement in its entirety.

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.

MAUI UNITED WAY

Notes to the Financial Statements
For the Year Ended June 30, 2020

4. INVESTMENTS (Continued)

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, 2020, the Organization engaged solely in level 1 inputs.

The Organization held the following investments at June 30, 2020:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Money market funds	\$ 278,594	\$ 278,594	\$ -
Mutual funds - Fixed income	271,624	285,362	13,738
Equity securities	663,842	821,396	157,554
Mutual funds - equity securities	<u>478,980</u>	<u>631,249</u>	<u>152,269</u>
	<u>\$ 1,693,040</u>	<u>\$ 2,016,601</u>	<u>\$ 323,561</u>

5. RECONCILIATION OF EXCESS OF SUPPORT AND REVENUE OVER EXPENSES WITH NET CASH PROVIDED BY OPERATING ACTIVITIES

	<u>2020</u>	<u>2019 Comparative</u>
Excess of support and revenue over expenses	\$ 103,868	\$ 231,429
Adjustment to reconcile excess of support and revenue over expenses to net cash provided by operating activities:		
Depreciation	882	10,583
Loss on Sale of Condominium	8,956	-
Decrease in accounts receivable	8,750	9,688
Decrease (increase) in prepaid expenses	495	(1,193)
Increase (decrease) in accounts payables	21,355	(2,533)
Increase (decrease) in payroll liabilities	3,894	(3,275)
(Decrease) increase in deferred revenues	<u>(10,600)</u>	<u>10,600</u>
Net cash provided by operating activities	<u>\$ 137,600</u>	<u>\$ 255,299</u>

MAUI UNITED WAY

Notes to the Financial Statements
For the Year Ended June 30, 2020

6. LEASE OBLIGATIONS

The Organization has entered into several five year lease agreements for office equipment for the Wailuku office. The leases were signed in 2012 and 2017 and minimum monthly payments are \$303 and \$244, respectively. Future minimum lease payments for years ended June 30 are:

2021	\$	2,928
2022		<u>2,440</u>
Total	\$	<u>5,368</u>

7. 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 2018-2019 campaign year, made in the year ended June 30, 2020, amounted to \$424,220. The Organization is committed to fund member agencies \$456,295 from the 2019-2020 campaign.

8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Management's policy is to structure its financial assets as its general expenditures, liabilities and other obligations come due.

	<u>2020</u>	<u>2019</u>
Financial Assets	\$2,430,569	\$2,109,268
Less those unavailable to general expenditures within one year due to:		
Restricted by donor with time or purpose restriction	<u>(1,835,476)</u>	<u>(1,854,695)</u>
Financial assets available to meet cash need for general expenditures within one year	<u>\$ 595,093</u>	<u>\$ 254,573</u>

9. 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, 2020 amounted to \$12,566.

MAUI UNITED WAY

Notes to the Financial Statements
For the Year Ended June 30, 2020

10. ALLOCATION TO MEMBER AGENCIES

The Organization has designated allocations to agency partners during the year ended June 30, 2020 as follows:

Aloha House	\$ 16,786
Alzheimer's Association	4,122
American Red Cross	15,688
Best Buddies	15,357
Big Brothers / Big Sisters	15,050
Boy Scouts of America	8,986
Catholic Charities	9,869
Child and Family Services	12,188
Feed My Sheet	15,530
Girl Scouts Council of Hawaii	7,508
Habitat for Humanity	12,104
Hospice Maui	10,670
IMUA Family Services Camp	12,840
IMUA Family Services- Childhood	21,930
Ka Hale A Ke Ola	10,860
Malama Family Recovery Center	17,097
Maui Adult Day Care Center	18,336
Maui Family Support Services	22,826
Maui Farm	14,460
Maui Youth and Family Services	17,834
Mediation Services of Maui	16,433
Mental Health Association	5,670
Mental Health Kokua	13,999
Ohana Makamae	11,864
PACT	4,710
Planned Parenthood	15,523
PATCH - People Attentive to Children	4,524
Salvation Army	11,949
Special Olympics Hawaii, Maui	6,642
Women Helping Women	20,179
Partner of the Year Award	1,000
Boys and Girls Clubs of Maui	9,311
Paia Youth Council, Inc.	12,689
Non-Partner Agencies	9,686
	<u>\$ 424,220</u>

MAUI UNITED WAY

Notes to the Financial Statements For the Year Ended June 30, 2020

11. CONTINGENCIES

The Organization's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations and cash flows. Effects may include, but are not limited to, disruption in the Organization's programs, customers, donors and revenue, absenteeism in the Organization's labor workforce, unavailability of products and supplies used in operations and a decline in value of assets held by the Organization, including but not limited to investments.

12. PAYCHECK PROTECTION LOAN

The Organization applied for and was approved a \$58,400 loan under the Paycheck Protection Program created as a part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was disbursed April 20, 2020 and accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

As of June 30, 2020, the Organization spent approximately \$50,000 of the PPP funds on presumably allowable expenses, with the remainder being spent after year end, but within the allowable 24 week period. Management anticipates that full forgiveness will be awarded upon completion of the forgiveness application.

13. MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 24, 2021. There are no other 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.