

**MAUI UNITED WAY**

AUDITED FINANCIAL STATEMENTS  
(With Independent Auditor's Report)

FOR THE YEAR ENDED  
JUNE 30, 2018

## 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, 2018, 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, 2018, 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  
October 3, 2019

MAUI UNITED WAY

Statement of Financial Position  
For the Year Ended June 30, 2018

(With Comparative Totals for the Year Ended June 30, 2017)

	ASSETS	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents (Note 2)	\$ 252,406	\$ 282,851
Accounts Receivable	-	-
Pledges Receivable	257,952	234,870
Allowance for Uncollectible Pledges	(56,000)	(56,000)
Prepaid Expenses	<u>5,651</u>	<u>5,400</u>
Total Current Assets	460,009	467,121
FIXED ASSETS (Note 2)		
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>(183,261)</u>	<u>(172,677)</u>
Net Fixed Assets	160,722	171,306
OTHER ASSETS		
Investments (Note 4)	<u>1,871,861</u>	<u>1,758,156</u>
Total Other Assets	<u>1,871,861</u>	<u>1,758,156</u>
TOTAL ASSETS	<u>\$ 2,492,592</u>	<u>\$ 2,396,583</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, 2018

(With Comparative Totals for the Year Ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 6,022	\$ 5,137
Payroll Liabilities	<u>9,810</u>	<u>3,782</u>
Total Current Liabilities	15,832	8,919
TOTAL LIABILITIES	15,832	8,919
NET ASSETS (Note 3)		
Unrestricted Net Assets	502,906	528,274
Temporarily Restricted Net Assets	1,015,131	900,667
Permanently Restricted Net Assets	<u>958,723</u>	<u>958,723</u>
Total Net Assets	<u>2,476,760</u>	<u>2,387,664</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,492,592</u>	<u>\$ 2,396,583</u>

The accompanying notes and independent auditor's report  
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, 2018

(With Comparative Totals for the Year Ended June 30, 2017)

	2018			Total	2017 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>SUPPORT AND REVENUE</b>					
Campaign Contributions	\$ -	\$ 1,021,444	\$ -	\$ 1,021,444	\$ 929,794
Less Provision for Uncollectible Pledges	-	(6,313)	-	(6,313)	(29,127)
Net Campaign Contributions	-	1,015,131	-	1,015,131	900,667
Realized Gain (Loss) on Investments	43,878	-	-	43,878	48,359
Unrealized Gain (Loss) on Investments	53,354	-	-	53,354	105,877
Investment Income	33,189	-	-	33,189	26,997
In Kind Donations	-	-	-	-	-
Other Income	5,007	-	-	5,007	2,225
Net Assets Released from Restrictions	900,667	(900,667)	-	-	-
Total Support and Revenue	1,036,095	114,464	-	1,150,559	1,084,125
<b>EXPENSES</b>					
Campaign and Program Services	836,699	-	-	836,699	666,616
Management and General	152,856	-	-	152,856	156,176
Fundraising	71,908	-	-	71,908	107,524
Total Expenses	1,061,463	-	-	1,061,463	930,316
CHANGE IN NET ASSETS	(25,368)	114,464	-	89,096	153,809
NET ASSETS, BEGINNING OF YEAR	528,274	900,667	958,723	2,387,664	2,233,855
NET ASSETS, END OF YEAR	\$ 502,906	\$ 1,015,131	\$ 958,723	\$ 2,476,760	\$ 2,387,664

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, 2018

(With Comparative Totals for the Year Ended June 30, 2017)

	2018				2017 Total
	Campaign and Program	Management and General	Fundraising	Total	
Salaries and Wages	\$ 145,289	\$ 51,889	\$ 10,377	\$ 207,555	\$ 204,741
Employee Benefits	43,535	15,548	3,110	62,193	57,837
Payroll Taxes	11,712	4,183	837	16,732	16,241
Allocations to Agencies	521,408	-	-	521,408	425,989
A Hui Hou Program - Merchandise Costs	-	-	-	-	26,730
A Hui Hou Program - Financial Assistance	68,287	-	-	68,287	9,233
Professional Fees	7,746	22,915	1,614	32,275	39,560
Dues and Subscriptions	11,267	805	4,023	16,095	13,015
Campaign Events	-	-	38,271	38,271	34,565
Investment Management Fees	-	16,665	-	16,665	15,271
Depreciation	3,175	5,292	2,117	10,584	10,584
Equipment	5,023	8,371	3,349	16,743	19,332
Occupancy	5,417	9,029	3,611	18,057	14,283
Printing	338	2,701	338	3,377	1,957
Telephone	2,633	3,292	658	6,583	6,560
Advertising	4,918	-	-	4,918	12,834
Travel and Entertainment	121	969	121	1,211	2,087
Electricity	1,798	1,798	899	4,495	4,340
Postage and Supplies	906	2,717	905	4,528	3,080
Conference and Meetings	655	546	983	2,184	2,460
Insurance	321	2,730	161	3,212	3,140
Bank and Merchant Fees	-	2,497	-	2,497	2,197
General Excise Tax	-	-	246	246	1,049
Real Property Tax	240	400	160	800	600
Miscellaneous	1,910	509	128	2,547	2,631
	<u>\$ 836,699</u>	<u>\$ 152,856</u>	<u>\$ 71,908</u>	<u>\$ 1,061,463</u>	<u>\$ 930,316</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, 2018

(With Comparative Totals for the Year Ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Campaign Contributions	\$ 992,049	\$ 891,806
Cash Received From Investment Income	33,189	48,359
Cash Received From Other Income	5,007	2,225
Cash Provided by Gains on Investments	97,232	132,874
Cash Paid to Employees and Vendors	<u>(1,044,217)</u>	<u>(918,806)</u>
Net Cash Provided by Operating Activities (Note 6)	83,260	156,458
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in Investment Accounts	<u>(113,705)</u>	<u>(165,920)</u>
Net Cash (Used) Provided by Investing Activities	<u>(113,705)</u>	<u>(165,920)</u>
NET (DECREASE) IN CASH	<u>(30,445)</u>	<u>(9,462)</u>
CASH BALANCE, BEGINNING OF YEAR	<u>282,851</u>	<u>292,313</u>
CASH BALANCE, END OF YEAR	<u>\$ 252,406</u>	<u>\$ 282,851</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, 2018

#### 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 Statement*. 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, 2018

## 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, 2016, 2017 and 2018 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, 2018

#### 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.



## MAUI UNITED WAY

### Notes to the Financial Statements For the Year Ended June 30, 2018

#### 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, 2019.

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 falls 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, 2018

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, 2018, the Organization engaged solely in level 1 inputs.

The Organization held the following investments at June 30, 2018:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized (Loss) Gain</u>
Money market funds	\$ 61,213	\$ 61,213	\$ -
Mutual funds - Fixed income	312,023	300,695	(11,328)
Equity securities	462,429	552,695	90,266
Mutual funds - equity securities	768,838	957,258	188,420
	<u>\$ 1,604,503</u>	<u>\$ 1,871,861</u>	<u>\$ 267,358</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 2016-2017 campaign year, made in the year ended June 30, 2018, amounted to \$509,349. The Organization is committed to fund member agencies \$444,723 from the 2017-2018 campaign.

MAUI UNITED WAY

Notes to the Financial Statements  
For the Year Ended June 30, 2018

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

	<u>2018</u>	2017 <u>Comparative</u>
Excess of support and revenue over expenses	\$ 89,096	\$ 153,809
Adjustment to reconcile excess of support and revenue over expenses to net cash provided by operating activities:		
Depreciation	10,584	10,584
(Increase) in accounts receivable	(23,082)	(8,861)
(Increase) in prepaid expenses	(251)	(1,096)
Increase in accounts payables	885	1,355
Increase in payroll liabilities	<u>6,028</u>	<u>667</u>
Net cash provided by operating activities	<u>\$ 83,260</u>	<u>\$ 156,458</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 2012 and 2017 and minimum monthly payments are \$303 and \$244, respectively. Future minimum lease payments for years ended June 30 are:

2019	\$ 2,928
2020	2,928
2021	2,928
2022	<u>2,440</u>
Total	<u>\$ 11,224</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, 2018 amounted to \$12,319.

MAUI UNITED WAY

Notes to the Financial Statements  
For the Year Ended June 30, 2018

9. ALLOCATION TO MEMBER AGENCIES

The Organization has designated allocations to agency partners during the year ended June 30, 2018 as follows:

Aloha House	\$ 16,000
Alzheimer's Association	4,845
American Red Cross	13,000
Best Buddies	14,412
Big Brothers / Big Sisters	15,765
Book Trust	399
Boy Scouts of America	8,833
Catholic Charities	10,000
Child and Family Services	11,220
Feed My Sheet	15,449
Girl Scouts Council of Hawaii	6,738
Habitat for Humanity	113,000
Hospice Maui	12,237
IMUA Family Services Camp	12,000
IMUA Family Services- Childhood	20,693
Ka Hale A Ke Ola	10,000
Lahaina Arts Association	6,585
Malama Family Recovery Center	16,500
Maui Adult Day Care Center	20,000
Maui Family Support Services	22,017
Maui Farm	15,000
Maui Youth and Family Services	17,250
Mediation Services of Maui	15,581
Mental Health Association	6,000
Mental Health Kokua	14,000
Ohana Makamae	12,127
PACT	4,500
Planned Parenthood	15,000
PATCH - People Attentive to Children	(205)
Salvation Army	11,153
Special Olympics Hawaii, Maui	5,500

MAUI UNITED WAY

Notes to the Financial Statements  
For the Year Ended June 30, 2018

9. ALLOCATION TO MEMBER AGENCIES (Continued)

Women Helping Women	20,000
Partner of the Year Award	1,000
Boys and Girls Clubs of Maui	11,048
Paia Youth Council, Inc.	11,702
Non-Partner Agencies	12,059
	<u>\$ 521,408</u>

10. MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 3, 2019. 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.