

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**MAUI UNITED WAY**

**June 30, 2011 and 2010**

AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION

MAUI UNITED WAY

June 30, 2011 and 2010

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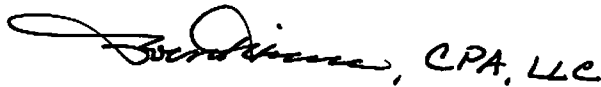
Board of Directors  
Maui United Way

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of Maui United Way (a nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Maui United Way as of June 30, 2010, were audited by other auditors whose report dated September 30, 2010 expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, 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.

  
Roan K. Hirose, CPA, LLC

Wailuku, Hawaii  
December 8, 2011

STATEMENTS OF FINANCIAL POSITION  
MAUI UNITED WAY

	June 30,	
	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 144,307	\$ 297,425
Certificates of deposit	91,120	90,750
Investments	2,015,587	1,786,616
Pledges receivable:		
Campaign	237,618	295,465
Less allowance for uncollectible pledges	<u>(75,000)</u>	<u>(49,953)</u>
	162,618	245,512
Prepaid expenses	<u>5,065</u>	<u>1,176</u>
<b>TOTAL CURRENT ASSETS</b>	<u>2,418,697</u>	<u>2,421,479</u>
<b>PROPERTY AND EQUIPMENT</b>		
Wailuku office condominium	258,484	258,484
Office furniture and equipment	55,985	43,668
Leasehold improvements	29,514	29,514
Less accumulated depreciation	<u>(94,425)</u>	<u>(76,368)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>249,558</u>	<u>255,298</u>
<b>TOTAL ASSETS</b>	<u><u>\$2,668,255</u></u>	<u><u>\$2,676,777</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 132,616	\$ 106,366
Donor choice payable	113,601	164,832
Wages and payroll taxes payable	<u>4,817</u>	<u>6,667</u>
<b>TOTAL CURRENT LIABILITIES</b>	251,034	277,865
<b>NET ASSETS</b>		
Unrestricted	632,895	621,740
Temporarily restricted	825,603	818,449
Permanently restricted	<u>958,723</u>	<u>958,723</u>
<b>TOTAL NET ASSETS</b>	<u>2,417,221</u>	<u>2,398,912</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$2,668,255</u></u>	<u><u>\$2,676,777</u></u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES  
 MAUI UNITED WAY

	Year ended June 30, 2011				2010
	Temporarily		Permanently	Totals	Totals
	Unrestricted	Restricted	Restricted		
<b>REVENUES, GAINS AND OTHER SUPPORT</b>					
Campaign contributions	\$ --	\$1,039,822	\$ --	\$1,039,822	\$1,058,851
Less donor designations	--	(113,601)	--	(113,601)	(164,832)
Less provision for uncollectible pledges	--	(100,618)	--	(100,618)	(75,570)
Net campaign contributions	--	825,603	--	825,603	818,449
Gain or (loss) on investments	324,423	--	--	324,423	(21,363)
Special event - Gala	52,636	--	--	52,636	--
Interest income	255	--	--	255	807
Other income	975	--	--	975	283,083
Total public support and revenues	378,289	825,603	--	1,203,892	1,080,976
Net assets released from restrictions-					
Prior year campaign revenue	818,449	(818,449)	--	--	--
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>1,196,738</b>	<b>7,154</b>	<b>--</b>	<b>1,203,892</b>	<b>1,080,976</b>
<b>EXPENSES</b>					
Program services	914,772	--	--	914,772	772,876
Management and general	173,961	--	--	173,961	142,560
Fundraising	96,850	--	--	96,850	94,872
<b>TOTAL EXPENSES</b>	<b>1,185,583</b>	<b>--</b>	<b>--</b>	<b>1,185,583</b>	<b>1,010,308</b>
<b>CHANGE IN NET ASSETS</b>	<b>11,155</b>	<b>7,154</b>	<b>--</b>	<b>18,309</b>	<b>70,668</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>621,740</b>	<b>818,449</b>	<b>958,723</b>	<b>2,398,912</b>	<b>2,328,244</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 632,895</b>	<b>\$ 825,603</b>	<b>\$ 958,723</b>	<b>\$2,417,221</b>	<b>\$2,398,912</b>

See notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES  
 MAUI UNITED WAY

	Year ended June 30, 2011				2010 Totals
	Campaign and Program	Management and General	Fundraising Events	Total Expenses	
Salaries and wages	\$ 72,774	\$ 67,697	\$ 28,771	\$ 169,242	\$ 197,537
Employee benefits	18,405	17,121	7,277	42,803	44,306
Payroll taxes	6,278	5,839	2,482	14,599	18,027
	97,457	90,657	38,530	226,644	259,870
Allocations to agencies	698,885	--	--	698,885	549,584
Professional fees	86,726	38,053	2,238	127,017	86,305
Campaign events	--	--	39,108	39,108	11,856
Depreciation	5,417	9,029	3,611	18,057	32,721
Equipment	4,215	7,025	2,810	14,050	9,938
Printing and marketing	4,741	6,930	866	12,537	6,954
Dues	8,292	593	2,961	11,846	19,579
Common area maintenance	3,131	5,218	2,087	10,436	10,405
Utilities	3,833	4,384	1,366	9,583	8,040
Postage and supplies	823	3,851	654	5,328	7,877
Conference and meetings	962	2,512	1,323	4,797	3,780
Bank and merchant fees	--	2,933	--	2,933	2,028
Taxes	90	150	1,196	1,436	34
Miscellaneous	200	2,626	100	2,926	1,337
<b>Total</b>	<b>\$ 914,772</b>	<b>\$ 173,961</b>	<b>\$ 96,850</b>	<b>\$1,185,583</b>	<b>\$1,010,308</b>

See notes to financial statements.

STATEMENTS OF CASH FLOWS  
MAUI UNITED WAY

	<u>Year ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 18,309	\$ 70,668
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	18,057	32,721
Unrealized gains and losses on investments	(324,423)	21,363
Provision for uncollectible pledges	100,618	--
Change in operating assets and liabilities:		
(Increase) Decrease in:		
Pledges receivable	(17,724)	74,150
Prepaid expenses	(3,889)	(975)
Increase (Decrease) in:		
Accounts payable	26,250	31,230
Donor choice payable	(51,231)	32,830
Wages and payroll taxes payable	(1,850)	--
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>(235,883)</u>	<u>261,987</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of office equipment	(12,317)	(500)
Acquisition of certificates of deposits	(370)	--
Net redemption of investments	95,452	(260,000)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>82,765</u>	<u>(260,500)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(153,118)	1,487
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>297,425</u>	<u>295,938</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 144,307</u>	<u>\$ 297,425</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Income taxes paid	<u>\$ --</u>	<u>\$ --</u>
Interest paid	<u>\$ --</u>	<u>\$ --</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS  
MAUI UNITED WAY

June 30, 2011

NOTE A--NATURE OF 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 fund-raising campaign. Contributions are primarily received from companies, foundations and individuals through payroll deduction 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.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Accounting: The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants.

Basis of Presentation: The Organization reports its financial position and activities to classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Cash and Cash Equivalents: Cash equivalents, if any, reflected in the financial statements include certificates of deposit and other investments with original maturities of three months or less.

Property and Equipment: Property and equipment are stated at cost or if donated, at the fair market value at the date of acquisition. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. There is no donated property and equipment recorded on the Organization's financial statements at June 30, 2011.

Depreciation is provided for under the straight-line method over the various estimated useful lives of five to 30 years.

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.



NOTES TO FINANCIAL STATEMENTS  
MAUI UNITED WAY

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Donor Choice Support: The Organization allows donors to designate contributions to eligible not-for-profit organizations under its Donor Choice Program. Contributions designated under the Donor Choice Program amounted to \$113,601 and \$164,832 for the years ended June 30, 2011 and 2010, respectively.

Contributed Services: Many individuals volunteer their time and perform a variety of tasks that assist the Organization with program activities, campaign solicitation and fundraising. However, these services do not meet the criteria for recognition in the financial statements as contributed services and as a result no amounts have been recorded.

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

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).

Estimates: In preparation of financial statements in conformity with 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C--NET ASSETS

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

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

Temporarily restricted net assets - 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, 2012.

NOTES TO FINANCIAL STATEMENTS--Continued  
 MAUI UNITED WAY

NOTE C--NET ASSETS

Permanently restricted net assets - 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.

NOTE D--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 are 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 years ended June 30, 2011 and 2010, the Organization engaged solely in level 1 inputs.

The Organization held the following investments at June 30, 2011:

	Cost	Market Value	Unrealized Gain
Money market funds	\$ 35,865	\$ 35,865	\$ --
Mutual funds - Fixed income	690,468	697,583	7,115
Equity securities	353,223	380,163	26,940
Mutual funds - equity securities	843,635	901,976	58,341
	<u>\$1,923,191</u>	<u>\$2,015,587</u>	<u>\$ 92,396</u>

NOTES TO FINANCIAL STATEMENTS--Continued  
MAUI UNITED WAY

NOTE E--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 years ended June 30, 2011 and 2010 amounted to \$534,053 and \$549,584, respectively. Allocations approved for the year ended June 30, 2012 amounted to \$540,236.

NOTE F--RETIREMENT PLAN

The Organization adopted a Simple Retirement Plan. The plan provides for a contribution of 6% of qualifying employee's compensation. The Organization's contribution during the years ended June 30, 2011 and 2010, amounted to \$9,133 and \$9,514, respectively for each year.

NOTE G--EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 8, 2011, the date the financial statements were available to be issued.

NOTE H--RECLASSIFICATIONS

Certain amounts from the prior year have been reclassified to conform with the current year presentation.

*Roan K. Hirose, CPA, LLC*

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information that provides a breakdown of the allocation to member agencies for the year ended June 30, 2011 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 subject 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 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.

The breakdown of the allocation to member agencies for the year ended June 30, 2010, was audited by other auditors whose report dated September 30, 2010, stated the allocations is fairly stated, in all material respected, when considered in relation to the basis financial statements taken as a whole.



*Roan K. Hirose, CPA, LLC*

Wailuku, Hawaii  
December 8, 2011

SUPPLEMENTAL INFORMATION

MAUI UNITED WAY  
SCHEDULE OF ALLOCATION TO MEMBER AGENCIES

	Year ended June 30,	
	2011	2010
Aloha House	\$ 41,000	\$ 36,936
American Heart Association	24,000	27,163
American Red Cross	24,643	26,579
Big Brothers, Big Sisters of Maui, Inc.	31,297	32,944
Boy Scouts of America, Maui County Council	25,000	19,699
Child and Family Services	5,540	7,134
Community Clinic of Maui	26,917	25,253
Girl Scout Council of Hawaii	20,000	20,000
Horizons Academy	15,000	7,829
Hospice Maui	20,664	21,103
Hui Malama, The Learning Center	27,127	32,434
IMUA Rehab	45,944	46,758
Ka Hale A Ke Ola Resource Center	27,171	23,317
Malama Family Recovery Center	30,000	24,999
Maui Adult Day Care Center	27,567	30,000
Maui Aids Foundation	32,163	22,684
Maui Family Support Services	40,000	15,451
Maui Family YMCA	25,000	25,000
Maui Youth and Family Services	22,800	12,198
Mediation Services of Maui	24,244	35,604
Mental Health Association in Maui County	32,000	30,836
Mental Health Kokua	21,105	23,680
Ohana Makamae	23,871	31,292
Planned Parenthood	10,000	2,046
The Salvation Army	35,560	28,811
Women Helping Women	40,272	33,013
Nonaffiliated agencies	--	38,823
Subtotal	698,885	681,586
Less donor designations	(164,832)	(132,002)
Total allocations	<u>\$ 534,053</u>	<u>\$ 549,584</u>