

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

MAUI UNITED WAY

June 30, 2012 and 2011

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INDEPENDENT AUDITORS' REPORT.	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION	10
Schedule of Allocations to Member Agencies	11

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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, 2012, 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, 2011, were audited by other auditors whose report dated September 30, 2011 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, 2012, 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.

Wailuku, Hawaii
December 8, 2012

STATEMENTS OF FINANCIAL POSITION
 MAUI UNITED WAY

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 50,966	\$ 144,307
Certificates of deposit	91,301	91,120
Investments	1,917,223	2,015,587
Pledges receivable:		
Campaign	230,108	237,618
Less allowance for uncollectible pledges	<u>(65,000)</u>	<u>(75,000)</u>
	165,108	162,618
Prepaid expenses	<u>3,491</u>	<u>5,065</u>
TOTAL CURRENT ASSETS	<u>2,228,089</u>	<u>2,418,697</u>
PROPERTY AND EQUIPMENT		
Wailuku office condominium	258,484	258,484
Office furniture and equipment	55,985	55,985
Leasehold improvements	29,514	29,514
Less accumulated depreciation	<u>(112,479)</u>	<u>(94,425)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>231,504</u>	<u>249,558</u>
TOTAL ASSETS	<u>\$2,459,593</u>	<u>\$2,668,255</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 17,882	\$ 132,616
Donor choice payable	202,060	113,601
Wages and payroll taxes payable	<u>4,383</u>	<u>4,817</u>
TOTAL CURRENT LIABILITIES	224,325	251,034
NET ASSETS		
Unrestricted	396,383	632,895
Temporarily restricted	880,162	825,603
Permanently restricted	<u>958,723</u>	<u>958,723</u>
TOTAL NET ASSETS	<u>2,235,268</u>	<u>2,417,221</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,459,593</u>	<u>\$2,668,255</u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES
MAUI UNITED WAY

	Year ended June 30, 2012				2011
	Unrestricted	Temporarily	Permanently	Totals	Totals
		Restricted	Restricted		
REVENUES, GAINS AND OTHER SUPPORT					
Campaign contributions	\$ --	\$1,127,671	\$ --	\$1,127,671	\$1,039,822
Less donor designations	--	(202,060)	--	(202,060)	(113,601)
Less provision for uncollectible pledges	--	(45,449)	--	(45,449)	(100,618)
Net campaign contributions	--	880,162	--	880,162	825,603
Gain or (loss) on investments	(66,118)	--	--	(66,118)	324,423
Special event - Gala	--	--	--	--	52,636
Investment income	26,952	--	--	26,952	255
Other income	932	--	--	932	975
Total public support and revenues	(38,234)	880,162	--	841,928	1,203,892
Net assets released from restrictions-					
Prior year campaign revenue	825,603	(825,603)	--	--	--
TOTAL REVENUES, GAINS AND OTHER SUPPORT	787,369	54,559	--	841,928	1,203,892
EXPENSES					
Program services	770,978	--	--	770,978	914,772
Management and general	182,114	--	--	182,114	173,961
Fundraising	70,789	--	--	70,789	96,850
TOTAL EXPENSES	1,023,881	--	--	1,023,881	1,185,583
CHANGE IN NET ASSETS	(236,512)	54,559	--	(181,953)	18,309
NET ASSETS - BEGINNING OF YEAR	632,895	825,603	958,723	2,417,221	2,398,912
NET ASSETS - END OF YEAR	\$ 396,383	\$ 880,162	\$ 958,723	\$2,235,268	\$2,417,221

See notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES
 MAUI UNITED WAY

	Year ended June 30, 2012				2011 Totals
	Campaign and Program	Management and General	Fundraising Events	Total Expenses	
Salaries and wages	\$ 69,950	\$ 65,071	\$ 27,655	\$ 162,676	\$ 169,242
Employee benefits	17,608	16,380	6,962	40,950	42,803
Payroll taxes	5,999	5,581	2,372	13,952	14,599
	<u>93,557</u>	<u>87,032</u>	<u>36,989</u>	<u>217,578</u>	<u>226,644</u>
Allocations to agencies	555,717	--	--	555,717	698,885
Professional fees	79,250	32,711	1,924	113,885	127,017
Dues	14,518	1,037	5,185	20,740	11,846
Depreciation	5,416	9,027	3,611	18,054	18,057
Printing and marketing	6,828	8,121	1,015	15,964	12,537
Investment management fees	--	14,733	--	14,733	--
Equipment	4,145	6,909	2,763	13,817	14,050
Occupancy	3,542	5,902	2,362	11,806	10,436
Campaign events	--	--	11,046	11,046	39,108
Conference and meetings	1,960	1,633	2,939	6,532	2,409
Telephone	2,472	3,090	618	6,180	5,503
Electricity	2,082	2,082	1,041	5,205	4,080
Postage and supplies	869	2,362	822	4,053	5,328
Travel and entertainment	295	2,451	295	3,041	2,388
Insurance	237	2,015	119	2,371	1,996
Bank and merchant fees	--	2,166	--	2,166	2,933
Taxes	90	150	60	300	1,436
Miscellaneous	--	693	--	693	930
	<u>770,978</u>	<u>182,114</u>	<u>70,789</u>	<u>\$1,023,881</u>	<u>\$1,185,583</u>
Total	<u>\$ 770,978</u>	<u>\$ 182,114</u>	<u>\$ 70,789</u>	<u>\$1,023,881</u>	<u>\$1,185,583</u>

See notes to financial statements.

STATEMENTS OF CASH FLOWS
MAUI UNITED WAY

	<u>Year ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (181,953)	\$ 18,309
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	18,054	18,057
Unrealized gains and losses on investments	66,118	(324,423)
Provision for uncollectible pledges	45,449	100,618
Change in operating assets and liabilities:		
(Increase) Decrease in:		
Pledges receivable	(47,939)	(17,724)
Prepaid expenses	1,574	(3,889)
Increase (Decrease) in:		
Accounts payable	(114,734)	26,250
Donor choice payable	88,459	(51,231)
Wages and payroll taxes payable	(434)	(1,850)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(125,406)</u>	<u>(235,883)</u>
INVESTING ACTIVITIES		
Acquisition of office equipment	--	(12,317)
Acquisition of certificates of deposits	(181)	(370)
Net redemption of investments	<u>32,246</u>	<u>95,452</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>32,065</u>	<u>82,765</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(93,341)	(153,118)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>144,307</u>	<u>297,425</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 50,966</u>	<u>\$ 144,307</u>
SUPPLEMENTAL DISCLOSURE:		
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, 2012

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, 2012.

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 \$202,060 and \$113,601 for the years ended June 30, 2012 and 2011, 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, 2012 and 2011, the Organization engaged solely in level 1 inputs.

The Organization held the following investments at June 30, 2012:

	Cost	Market Value	Unrealized Gain
Money market funds	\$ 74,717	\$ 74,717	\$ --
Mutual funds - Fixed income	264,486	270,195	5,709
Equity securities	245,931	257,938	12,007
Mutual funds - equity securities	1,215,565	1,238,844	23,279
Unsettled purchases/sales	75,529	75,529	--
	<u>\$1,876,228</u>	<u>\$1,917,223</u>	<u>\$ 40,995</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, 2012 and 2011 amounted to \$442,885 and \$534,053, respectively. For the year ended June 30, 2013, the Organization is committed to fund member agencies \$610,053.

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, 2012 and 2011, amounted to \$8,069 and \$9,133, respectively for each year.

NOTE G--EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 8, 2012, the date the financial statements were available to be issued.

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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, 2012 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, 2011, was audited by other auditors whose report dated September 30, 2011, stated the allocations is fairly stated, in all material respected, when considered in relation to the basis financial statements taken as a whole.

Wailuku, Hawaii
December 8, 2012

SUPPLEMENTAL INFORMATION

MAUI UNITED WAY
 SCHEDULE OF ALLOCATION TO MEMBER AGENCIES

	Year ended June 30,	
	2012	2011
Aloha House	\$ 19,841	\$ 41,000
Alzheimer's Association	19,141	--
American Heart Association	11,728	24,000
American Red Cross	19,237	24,643
Best Buddies	10,000	--
Big Brothers, Big Sisters of Maui, Inc.	22,984	31,297
Boy Scouts of America, Maui County Council	9,868	25,000
Catholic Charities	16,149	--
Child and Family Services	14,306	5,540
Credit Counseling	14,160	--
Community Clinic of Maui	9,512	26,917
Feed My Sheep	14,558	--
Girl Scout Council of Hawaii	9,734	20,000
Habitat For Humanity	14,461	--
Hawaii Meth Project	4,819	--
Horizons Academy	5,441	15,000
Hospice Maui	16,804	20,664
Hui Malama, The Learning Center	--	27,127
IMUA Rehab	42,520	45,944
Ka Hale A Ke Ola Resource Center	2,452	27,171
Malama Family Recovery Center	14,206	30,000
Maui Adult Day Care Center	19,394	27,567
Maui Aids Foundation	19,131	32,163
Maui Family Support Services	24,276	40,000
Maui Family YMCA	12,633	25,000
Maui Farm, Inc.	34,874	--
Maui Youth and Family Services	9,513	22,800
Mediation Services of Maui	25,460	24,244
Mental Health Association in Maui County	14,773	32,000
Mental Health Kokua	17,284	21,105
Ohana Makamae	3,544	23,871
Planned Parenthood	9,550	10,000
The Salvation Army	15,520	35,560
Women Helping Women	33,397	40,272
Nonaffiliated agencies	24,447	--
Subtotal	555,717	698,885
Less donor designations	(112,832)	(164,832)
Total allocations	<u>\$ 442,885</u>	<u>\$ 534,053</u>

