

MAUI UNITED WAY

AUDITED FINANCIAL STATEMENTS
(With Independent Auditor's Report)

FOR THE YEAR ENDED
JUNE 30, 2019

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, 2019, 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, 2019, 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 1, 2020

MAUI UNITED WAY
Statement of Financial Position
For the Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 150,047	\$ 252,406
Accounts Receivable	-	-
Pledges Receivable	248,264	257,952
Allowance for Uncollectible Pledges	(56,000)	(56,000)
Prepaid Expenses	<u>6,844</u>	<u>5,651</u>
Total Current Assets	349,155	460,009
FIXED ASSETS		
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>(193,844)</u>	<u>(183,261)</u>
Net Fixed Assets	150,139	160,722
OTHER ASSETS		
Investments	<u>1,959,221</u>	<u>1,871,861</u>
Total Other Assets	<u>1,959,221</u>	<u>1,871,861</u>
TOTAL ASSETS	<u><u>\$ 2,458,515</u></u>	<u><u>\$ 2,492,592</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, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,489	\$ 6,022
Payroll Liabilities	6,535	9,810
Deferred Revenue	10,600	-
Deposit on Condo Sale	15,000	-
Total Current Liabilities	<u>35,624</u>	<u>15,832</u>
TOTAL LIABILITIES	35,624	15,832
NET ASSETS		
Net Assets without Donor Restrictions	568,196	502,906
Net Assets with Donor Restrictions	<u>1,854,695</u>	<u>502,906</u>
Total Net Assets	<u>2,422,891</u>	<u>2,476,760</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,458,515</u>	<u>\$ 2,492,592</u>

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MAUI UNITED WAY

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	2019		<u>Total</u>	<u>2018 Total</u>
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>		
SUPPORT AND REVENUE				
Campaign Contributions	\$ -	\$ 934,493	\$ 934,493	\$ 1,021,444
Less Provision for Uncollectible Pledges	-	(38,521)	(38,521)	(6,313)
Net Campaign Contributions	-	895,972	895,972	1,015,131
Realized Gain (Loss) on Investments	(12,099)	-	(12,099)	43,878
Unrealized Gain (Loss) on Investments	77,004	-	77,004	53,354
Investment Income	40,402	-	40,402	33,189
Rental Income	10,000	-	10,000	-
Other Income	34,692	-	34,692	5,007
Net Assets Released from Restrictions	<u>1,015,131</u>	<u>(1,015,131)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	1,165,130	(119,159)	1,045,971	1,150,559
EXPENSES				
Campaign and Program Services	775,762	-	775,762	836,699
Management and General	170,799	-	170,799	152,856
Fundraising	<u>153,279</u>	<u>-</u>	<u>153,279</u>	<u>71,908</u>
Total Expenses	1,099,840	-	1,099,840	1,061,463
CHANGE IN NET ASSETS	65,290	(119,159)	(53,869)	89,096
NET ASSETS, BEGINNING OF YEAR	<u>502,906</u>	<u>1,973,854</u>	<u>2,476,760</u>	<u>2,387,664</u>
NET ASSETS, END OF YEAR	<u>\$ 568,196</u>	<u>\$ 1,854,695</u>	<u>\$ 2,422,891</u>	<u>\$ 2,476,760</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, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	2019				2018 Total
	Campaign and Program	Management and General	Fundraising	Total	
Salaries and Wages	\$ 131,529	\$ 61,150	\$ 10,141	\$ 202,820	\$ 207,555
Employee Benefits	49,492	22,843	3,807	76,142	62,193
Payroll Taxes	11,943	5,512	919	18,374	16,732
Allocations to Agencies	468,364	-	-	468,364	521,408
A Hui Hou Program - Financial Assistance	45,675	-	-	45,675	68,287
Labor Community Services	3,351	-	-	3,351	-
Professional Fees	4,924	13,786	985	19,695	32,275
Fiscal Sponsorship	5,600	-	-	5,600	-
Dues and Subscriptions	11,132	795	3,976	15,903	16,095
Event Costs and Distribution to Recipients	-	-	116,496	116,496	38,271
Investment Management Fees	-	17,907	-	17,907	16,665
Management Fees	12,301	-	-	12,301	-
Depreciation	3,175	5,292	2,116	10,583	10,584
Equipment	4,040	6,733	2,693	13,466	16,743
Occupancy	11,006	18,343	7,337	36,686	18,057
Printing	2,187	3,644	1,458	7,289	3,377
Telephone	1,453	2,422	968	4,843	6,583
Advertising	4,915	-	-	4,915	4,918
Travel and Entertainment	180	1,441	180	1,801	1,211
Electricity	564	564	283	1,411	4,495
Postage and Supplies	1,058	3,174	1,058	5,290	4,528
Conference and Meetings	277	231	415	923	2,184
Insurance	300	2,553	150	3,003	3,212
Bank and Merchant Fees	-	3,461	-	3,461	2,497
Real Property Tax	240	400	160	800	800
Miscellaneous	2,056	548	137	2,741	2,793
	<u>\$ 775,762</u>	<u>\$ 170,799</u>	<u>\$ 153,279</u>	<u>\$1,099,840</u>	<u>\$1,061,463</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, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Campaign Contributions	\$ 905,660	\$ 992,049
Cash Received From Investment Income	40,402	33,189
Cash Received From Other Income	55,292	5,007
Cash Provided by Gains on Investments	64,905	97,232
Cash Paid to Employees and Vendors	<u>(1,096,258)</u>	<u>(1,044,217)</u>
Net Cash (Used) Provided by Operating Activities	(29,999)	83,260
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in Investment Accounts	<u>(87,360)</u>	<u>(113,705)</u>
Net Cash (Used) by Investing Activities	<u>(87,360)</u>	<u>(113,705)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in Deposits	<u>15,000</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>15,000</u>	<u>-</u>
NET (DECREASE) IN CASH	<u>(102,359)</u>	<u>(30,445)</u>
CASH BALANCE, BEGINNING OF YEAR	<u>252,406</u>	<u>282,851</u>
CASH BALANCE, END OF YEAR	<u>\$ 150,047</u>	<u>\$ 252,406</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, 2019

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, 2019

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, 2017, 2018 and 2019 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, 2019

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, 2019

3. NET ASSETS (Continued)

The unrestricted net asset class has been renamed net assets without donor restrictions. The permanently restricted net assets and temporarily restricted net asset classes have been renamed net assets with donor restrictions.

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.

The changes have the following effect on net assets at June 30, 2018:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted Net Assets	\$ 502,906	\$ -
Temporarily Restricted Net Assets	1,015,131	-
Permanently Restricted Net Assets	958,723	-
Net Assets Without Donor Restrictions	-	502,906
Net Assets With Donor Restrictions	-	1,973,854
	<u>\$ 2,476,760</u>	<u>\$ 2,476,760</u>

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.

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Notes to the Financial Statements
For the Year Ended June 30, 2019

4. INVESTMENTS (Continued)

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.

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, 2019, the Organization engaged solely in level 1 inputs.

The Organization held the following investments at June 30, 2019:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized</u> <u>(Loss) Gain</u>
Money market funds	\$ 50,263	\$ 216,135	\$ 165,872
Mutual funds - Fixed income	312,023	312,735	712
Equity securities	614,284	739,991	125,707
Mutual funds - equity securities	522,417	690,360	167,943
	<u>\$ 1,498,987</u>	<u>\$ 1,959,221</u>	<u>\$ 294,362</u>

MAUI UNITED WAY

Notes to the Financial Statements
For the Year Ended June 30, 2019

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 2017-2018 campaign year, made in the year ended June 30, 2019, amounted to \$468,364. The Organization is committed to fund member agencies \$414,875 from the 2018-2019 campaign.

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

	<u>2019</u>	<u>2018</u> <u>Comparative</u>
Excess of support and revenue over expenses	\$ (53,869)	\$ 89,096
Adjustment to reconcile excess of support and revenue over expenses to net cash (used) provided by operating activities:		
Depreciation	10,583	10,584
Decrease (increase) in accounts receivable	9,688	(23,082)
(Increase) in prepaid expenses	(1,193)	(251)
(Decrease) increase in accounts payables	(2,533)	885
(Decrease) increase in payroll liabilities	(3,275)	6,028
Increase in deferred revenues	<u>10,600</u>	<u>-</u>
Net cash (used) provided by operating activities	<u>\$ (29,999)</u>	<u>\$ 83,260</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:

2020	\$ 2,928
2021	2,928
2022	<u>2,440</u>
Total	<u>\$ 8,296</u>

MAUI UNITED WAY

Notes to the Financial Statements
For the Year Ended June 30, 2019

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, 2019 amounted to \$12,176

9. ALLOCATION TO MEMBER AGENCIES

The Organization has designated allocations to agency partners during the year ended June 30, 2019 as follows:

Aloha House	\$ 16,989
Alzheimer's Association	5,614
American Red Cross	14,869
Best Buddies	14,833
Big Brothers / Big Sisters	15,043
Boy Scouts of America	8,452
Catholic Charities	12,250
Child and Family Services	13,400
Feed My Sheet	17,193
Girl Scouts Council of Hawaii	7,066
Habitat for Humanity	13,225
Hospice Maui	15,941
IMUA Family Services Camp	12,582
IMUA Family Services- Childhood	21,382
Ka Hale A Ke Ola	12,575
Lahaina Arts Association	6,597
Malama Family Recovery Center	17,505
Maui Adult Day Care Center	20,904
Maui Family Support Services	22,548
Maui Farm	16,996
Maui Youth and Family Services	18,952
Mediation Services of Maui	17,085
Mental Health Association	5,713
Mental Health Kokua	14,264
Ohana Makamae	12,086
PACT	4,993

MAUI UNITED WAY

Notes to the Financial Statements
For the Year Ended June 30, 2019

9. ALLOCATION TO MEMBER AGENCIES (Continued)

Planned Parenthood	15,326
PATCH - People Attentive to Children	4,577
Salvation Army	11,587
Special Olympics Hawaii, Maui	8,297
Women Helping Women	20,619
Partner of the Year Award	1,000
Boys and Girls Clubs of Maui	11,990
Paia Youth Council, Inc.	13,270
Non-Partner Agencies	22,641
	<u>\$ 468,364</u>

10. 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>2019</u>	<u>2018</u>
Financial Assets	\$2,109,268	\$2,124,267
Less those unavailable to general expenditures within one year due to:		
Restricted by donor with time or purpose restriction	<u>(1,854,695)</u>	<u>(502,906)</u>
Financial assets available to meet cash need for general expenditures within one year	<u>\$ 254,573</u>	<u>\$1,621,361</u>

11. MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Subsequent to the issuance of these financial statements, a worldwide Pandemic occurred, known as COVID-19. Economic conditions were negatively affected nationally and internationally. At the time the financial statements were available to be issued the situation remained volatile and the full effect of the pandemic on the future operations of the Organization could not be determined.

Management has evaluated subsequent events through October 1, 2020. 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.