



Aloha United Way, Inc.

(A Nonprofit Organization)

Financial and Compliance Audit

December 31, 2022 and 2021



Aloha United Way, Inc.

(A Nonprofit Organization)

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(A Nonprofit Organization)

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Report of Independent Auditors

To the Board of Directors of
Aloha United Way, Inc.

Opinion

We have audited the accompanying financial statements of Aloha United Way, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.


In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

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standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedule of Allocations to Agencies for the year ended December 31, 2022 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

accuity LLP

Honolulu, Hawaii
August 16, 2023

Aloha United Way, Inc.
(A Nonprofit Organization)
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 4,060,331	\$ 4,610,993
Investments	6,483,596	7,762,181
Pledges receivable, net of allowance of \$649,000 and \$775,000 in 2022 and 2021, respectively	2,398,759	1,827,466
Grants and other receivables	1,320,182	1,914,216
Prepaid expenses and other	<u>121,178</u>	<u>131,930</u>
Total current assets	14,384,046	16,246,786
Endowments and charitable gift annuities	2,667,637	2,846,114
Cash and time certificates of deposit held by third party	843,561	994,871
Beneficial interest in perpetual trusts	952,112	1,205,503
Other assets	209,892	207,754
Property and equipment		
Land	191,000	191,000
Building and improvements	11,794,521	11,728,031
Furniture, fixtures and equipment	<u>725,666</u>	<u>725,666</u>
Total	12,711,187	12,644,697
Less: Accumulated depreciation	<u>(10,159,994)</u>	<u>(9,903,076)</u>
Property and equipment, net	<u>2,551,193</u>	<u>2,741,621</u>
Total assets	<u>\$ 21,608,441</u>	<u>\$ 24,242,649</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,191,806	\$ 2,060,498
Due to designated agencies	2,798,469	2,503,145
Deferred grant income	456,729	475,915
Line of credit	<u>-</u>	<u>500,000</u>
Total current liabilities	4,447,004	5,539,558
Annuities payable, noncurrent	<u>37,432</u>	<u>41,768</u>
Total liabilities	<u>4,484,436</u>	<u>5,581,326</u>
Net assets		
Without donor restrictions		
Invested in property and equipment, net	2,551,193	2,741,621
Board-Designated Operating Reserve Fund	3,730,479	5,333,516
Undesignated	<u>2,000,000</u>	<u>2,000,000</u>
Total net assets without donor restrictions	8,281,672	10,075,137
With donor restrictions	<u>8,842,333</u>	<u>8,586,186</u>
Total net assets	<u>17,124,005</u>	<u>18,661,323</u>
Total liabilities and net assets	<u>\$ 21,608,441</u>	<u>\$ 24,242,649</u>

The accompanying notes are an integral part of the financial statements.

Aloha United Way, Inc.
(A Nonprofit Organization)
Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Campaign revenue			
Campaign contributions	\$ 1,227,972	\$ 8,142,424	\$ 9,370,396
Less: Donor designations	(3,895,630)	(86,197)	(3,981,827)
Less: Provision for uncollectible pledges	(416,324)	273,438	(142,886)
Net assets released from restrictions	<u>7,641,475</u>	<u>(7,641,475)</u>	<u>-</u>
Net campaign revenue	4,557,493	688,190	5,245,683
Grant income	6,122,237	-	6,122,237
Grant income, COVID-19-related	88,165	-	88,165
Fiscal agent support	2,206,291	-	2,206,291
In-kind contributions	133,893	-	133,893
Investment income	248,429	-	248,429
Building income, net	575,748	-	575,748
Change in value of Board-Designated Operating Reserve Fund investments	(1,125,652)	-	(1,125,652)
Change in value of charitable trusts and other permanently restricted investments	-	(431,793)	(431,793)
Other income	<u>1,452,270</u>	<u>-</u>	<u>1,452,270</u>
Total revenues and support	<u>14,258,874</u>	<u>256,397</u>	<u>14,515,271</u>
Allocations and other functional expenses			
Gross funds allocated to agencies	6,631,296	-	6,631,296
Less: Donor designations	<u>(4,133,192)</u>	<u>-</u>	<u>(4,133,192)</u>
Net funds allocated to agencies	2,498,104	-	2,498,104
Functional expenses			
Program services	9,761,091	-	9,761,091
Management and general	1,721,563	-	1,721,563
Fundraising	<u>2,071,831</u>	<u>-</u>	<u>2,071,831</u>
Total functional expenses	<u>13,554,485</u>	<u>-</u>	<u>13,554,485</u>
Total allocations and functional expenses	<u>16,052,589</u>	<u>-</u>	<u>16,052,589</u>
Change in net assets	(1,793,715)	256,397	(1,537,318)
Net assets			
Beginning of year	<u>10,075,387</u>	<u>8,585,936</u>	<u>18,661,323</u>
End of year	<u>\$ 8,281,672</u>	<u>\$ 8,842,333</u>	<u>\$ 17,124,005</u>

The accompanying notes are an integral part of the financial statements.

Aloha United Way, Inc.
(A Nonprofit Organization)
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Campaign revenue			
Campaign contributions	\$ 1,830,273	\$ 7,641,475	\$ 9,471,748
Less: Donor designations	(3,535,339)	(838,076)	(4,373,415)
Less: Provision for uncollectible pledges	(616,349)	(310,206)	(926,555)
Net assets released from restrictions	<u>5,283,106</u>	<u>(5,283,106)</u>	<u>-</u>
Net campaign revenue	2,961,691	1,210,087	4,171,778
Grant income	5,902,495	-	5,902,495
Grant income, COVID-19-related	8,870,467	-	8,870,467
Grant income, Paycheck Protection Program	778,110	-	778,110
Fiscal agent support	2,142,480	-	2,142,480
In-kind contributions	133,601	-	133,601
Investment income	300,391	-	300,391
Building income, net	637,692	-	637,692
Change in value of Board-Designated Operating Reserve Fund investments	550,954	-	550,954
Change in value of charitable trusts and other permanently restricted investments	-	517,558	517,558
Other income	<u>1,102,786</u>	<u>-</u>	<u>1,102,786</u>
Total revenues and support	<u>23,380,667</u>	<u>1,727,645</u>	<u>25,108,312</u>
Allocations and other functional expenses			
Gross funds allocated to agencies	6,227,552	-	6,227,552
Less: Donor designations	<u>(4,322,461)</u>	<u>-</u>	<u>(4,322,461)</u>
Net funds allocated to agencies	1,905,091	-	1,905,091
Functional expenses			
Program services	17,380,447	-	17,380,447
Management and general	1,614,629	-	1,614,629
Fundraising	<u>1,808,937</u>	<u>-</u>	<u>1,808,937</u>
Total functional expenses	<u>20,804,013</u>	<u>-</u>	<u>20,804,013</u>
Total allocations and functional expenses	<u>22,709,104</u>	<u>-</u>	<u>22,709,104</u>
Change in net assets	671,563	1,727,645	2,399,208
Net assets			
Beginning of year	9,403,574	6,858,541	16,262,115
End of year	<u>\$ 10,075,137</u>	<u>\$ 8,586,186</u>	<u>\$ 18,661,323</u>

The accompanying notes are an integral part of the financial statements.

Aloha United Way, Inc.
(A Nonprofit Organization)
Statements of Functional Expenses
Years Ended December 31, 2022 and 2021

	Program Services			Management and General	Fundraising	Total
	Member Agency Services	Other Program Services	Total			
2022						
Salaries	\$ 395,678	\$ 964,812	\$ 1,360,490	\$ 975,211	\$ 919,036	\$ 3,254,737
Employee benefits	77,262	169,746	247,008	184,354	161,698	593,060
Payroll taxes	<u>37,633</u>	<u>87,072</u>	<u>124,705</u>	<u>82,577</u>	<u>79,242</u>	<u>286,524</u>
Total salaries and related expenses	510,573	1,221,630	1,732,203	1,242,142	1,159,976	4,134,321
Professional fees and contract services, other	6,924,133	775,031	7,699,164	310,906	451,586	8,461,656
Media, printing and publications	20,227	11,243	31,470	5,998	177,986	215,454
National dues	22,811	68,733	91,544	46,663	41,897	180,104
Conferences, conventions and meetings	9,366	5,980	15,346	7,872	101,219	124,437
Depreciation	18,484	13,043	31,527	31,343	26,075	88,945
Telephone	2,900	53,108	56,008	7,197	7,476	70,681
Equipment rental and maintenance	4,313	33,635	37,948	8,873	7,767	54,588
Supplies	1,055	1,117	2,172	16,266	31,175	49,613
Professional fees and contract services, COVID-19-related programs	26,227	-	26,227	-	-	26,227
Travel	1,053	6,543	7,596	5,793	11,906	25,295
Postage and shipping	116	92	208	2,534	8,704	11,446
Other	5,796	23,882	29,678	35,976	46,064	111,718
Total expenses	<u>\$ 7,547,054</u>	<u>\$ 2,214,037</u>	<u>\$ 9,761,091</u>	<u>\$ 1,721,563</u>	<u>\$ 2,071,831</u>	<u>\$ 13,554,485</u>
2021						
Salaries	\$ 780,123	\$ 540,106	\$ 1,320,229	\$ 819,264	\$ 755,329	\$ 2,894,822
Employee benefits	155,066	129,986	285,052	139,057	162,722	586,831
Payroll taxes	<u>67,728</u>	<u>47,209</u>	<u>114,937</u>	<u>65,867</u>	<u>65,781</u>	<u>246,585</u>
Total salaries and related expenses	1,002,917	717,301	1,720,218	1,024,188	983,832	3,728,238
Professional fees and contract services, other	7,322,589	859,031	8,181,620	395,961	483,201	9,060,782
Media, printing and publications	2,684	523	3,207	3,525	158,499	165,231
National dues	56,218	61,993	118,211	54,486	56,864	229,561
Conferences, conventions and meetings	1,449	100	1,549	4,039	37,113	42,701
Depreciation	30,815	20,760	51,575	52,271	44,483	148,329
Telephone	5,476	49,507	54,983	6,860	6,932	68,775
Equipment rental and maintenance	5,067	1,826	6,893	8,253	9,448	24,594
Supplies	218	-	218	6,035	7,147	13,400
Professional fees and contract services, COVID-19-related programs	7,218,862	-	7,218,862	-	-	7,218,862
Travel	-	-	-	1,814	1,954	3,768
Postage and shipping	807	2	809	1,902	11,389	14,100
Other	7,823	14,479	22,302	55,295	8,075	85,672
Total expenses	<u>\$ 15,654,925</u>	<u>\$ 1,725,522</u>	<u>\$ 17,380,447</u>	<u>\$ 1,614,629</u>	<u>\$ 1,808,937</u>	<u>\$ 20,804,013</u>

The accompanying notes are an integral part of the financial statements.

Aloha United Way, Inc.
(A Nonprofit Organization)
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (1,537,318)	\$ 2,399,208
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	256,917	314,018
Net unrealized and realized losses (gains) on investments	1,125,652	(1,105,877)
Change in value of endowments and charitable trusts	302,881	(141,651)
Change in operating assets and liabilities		
Pledges receivable	(571,293)	(231,827)
Grants and other receivables	594,034	83,087
Prepaid expenses and other	10,752	(28,302)
Accounts payable and accrued expenses	(868,692)	(356,857)
Deferred grant income	(19,186)	(4,688,007)
Due to designated agencies	295,324	880,450
Net cash used in operating activities	<u>(410,929)</u>	<u>(2,875,758)</u>
Cash flows from investing activities		
Purchase of property and equipment	(66,489)	(301,826)
Purchases of investments	(4,773,004)	(1,464,670)
Proceeds from sale or maturity of investments	4,925,870	1,471,253
Net change in cash and time certificates of deposit held by third party	151,310	347,500
Net change in endowment investments	128,912	(375,927)
Net cash provided by (used in) investing activities	<u>366,599</u>	<u>(323,670)</u>
Cash flows from financing activities		
Payment on line of credit	(500,000)	(500,000)
Charitable gift annuities	(6,332)	(6,379)
Net cash used in financing activities	<u>(506,332)</u>	<u>(506,379)</u>
Net decrease in cash and cash equivalents	(550,662)	(3,705,807)
Cash and cash equivalents		
Beginning of year	4,610,993	8,316,800
End of year	<u>\$ 4,060,331</u>	<u>\$ 4,610,993</u>

The accompanying notes are an integral part of the financial statements.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2022 and 2021

1. Organization

The mission of Aloha United Way, Inc. (the “Organization”) is to bring resources, organizations and people together to advance the health, education and financial stability of every person in our community. The Organization has fundraised for over 100 years to address the greatest needs in our community. The Organization has evolved to meet the changing needs of our community.

A member of United Way Worldwide, the Organization supports nonprofit organizations and communities on Oahu. The Organization operates separately from the Hawaii Island United Way, Kauai United Way, and Maui United Way. As an efficient, effective fundraiser for hundreds of local nonprofits, the Organization provides those who want to support collective and sustainable impact with a trusted, transparent and meaningful way to invest in addressing critical issues in its community. During 2022, the Organization supported over 300 independent agencies, many of which have provided health and human services for families and individuals in need.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Organization classifies its net assets and its revenues and expenses based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions result from contributions (including grants and bequests) whose use is limited by donor stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations in addition to contributions whose use is limited by donor stipulations that do not expire. Net assets without donor restrictions represent resources over which the Board of Directors has discretionary control. Contributions (including grants and bequests) for which restrictions are met in the same reporting period are reported as net assets without donor restrictions. Conditional contributions are recognized as the conditions are satisfied, which typically occurs as grant funds are expended.

The Organization reports contributions of cash and other assets as net assets with donor restrictions if they are received for the subsequent allocation period. At the beginning of the next allocation period, the related net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions that are designated by donors for specific beneficiaries are considered to be agency transactions; accordingly, such amounts are not recognized as revenues and distributions in the statements of activities. At December 31, 2022 and 2021, the amount due to designated agencies was approximately \$2,798,000 and \$2,503,000, respectively.

Recently Adopted Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The update requires not-for-profit organizations to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. Among other changes, ASU No. 2020-07 increases transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU No. 2020-07 is effective for the Organization in 2022. Contributed nonfinancial assets, such as in-kind contributions, are presented separately in the statement of activities. The disclosures about contributed nonfinancial assets in Note 2 have been updated to conform with the provisions set forth by ASU No. 2020-07.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2022 and 2021

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes existing guidance in Topic 840, *Leases*. Topic 842 amends both lessor and lessee accounting to recognize the right-of-use (“ROU”) assets and lease liabilities on the balance sheet for operating leases. The Organization adopted the leasing standard effective January 1, 2022, using the modified retrospective approach. Financial information for periods prior to January 1, 2022 remains unchanged and is presented in accordance with Topic 840. The Organization elected to use all practical expedients provided in the transition guidance. The standard did not have a material impact on the financial statements and footnotes. There was no cumulative adjustment to beginning net assets as of January 1, 2022.

In June 2016, the FASB released ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 replaces the existing impairment model for most financial assets from an incurred loss impairment model to a current expected credit loss model, which requires an entity to recognize allowances for credit losses equal to its current estimate of all contractual cash flows the entity does not expect to collect. The provisions of ASU No. 2016-13 are to be applied using a modified retrospective approach and are effective for interim periods and fiscal years beginning after December 15, 2022, with early adoption permitted. Management is currently evaluating the impact of this accounting pronouncement on the Organization’s financial statements.

Use of Estimates

The 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 periods. Significant items subject to such estimates and assumptions include valuation allowances for pledges receivable, and valuation of investments and charitable trusts. Actual results could differ from those estimates.

Annual Campaigns

Annual campaigns are conducted to raise support for qualified agencies in the subsequent calendar year. All contributions are considered available for unrestricted use unless specifically designated or restricted by the donor.

In 2022 and 2021, the Organization maintained its federation for the Combined Federal Campaign consisting of 51 and 57 agencies, respectively. From the 2022 and 2021 campaigns, \$22,102 and \$28,234, respectively, was designated for the Organization, while \$644,103 and \$644,363, respectively, was designated for the Organization’s federation agencies. As a federation, the Organization and its Combined Federal Campaign designated agencies’ share of the campaign expenses was \$114,035 and \$151,753 for the 2022 and 2021 campaigns, respectively. Only the federation’s share of the Combined Federal Campaign totals is reported. The federation is honoring designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. Permanently restricted cash included in noncurrent investments, cash held in investment accounts, and cash held by third party are not considered cash and cash equivalents for statements of cash flows purposes.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2022 and 2021

Cash Accounts and Time Certificates of Deposit Held by Third Party

The property manager of the building owned by the Organization maintains and manages cash accounts and time certificates of deposit as an agent of the Organization. The Organization has legal title to the cash accounts and time certificates of deposit, which are primarily reserves for major maintenance and improvement projects of the building.

Concentrations of Credit Risk

The Organization maintains cash and cash equivalents and short-term investments with various major financial institutions. Cash equivalents and short-term investments include investments in money market funds and investments in securities backed by the U.S. government. The Organization's cash balances are in excess of federally insured amounts. Pledges and donor-restricted pledges receivables are pledges from various individuals and corporations in the state of Hawaii.

Pledges Receivable

The Organization establishes an allowance for uncollectible pledges based on an historical analysis of collections, adjusted for management's estimates of current economic factors, applied to gross campaigns, including donor designations.

Beneficial Interest in Charitable Trusts

The Organization recognizes charitable trusts such as perpetual trusts and charitable gift annuities when a donor purchases an annuity contract or makes an initial irrevocable gift to a trust in which the Organization has a beneficial interest.

Beneficial interest in perpetual trusts represents assets held in perpetual trusts by independent trustees and resources neither in the possession nor under the control of the Organization, although the Organization derives income from the assets of such trusts. The beneficial interests in these trusts are carried at fair value as reported to the Organization by the trustees. The changes in the fair value of these trusts are reflected as increases or decreases to net assets with donor restrictions in the statements of activities.

Charitable gift annuities are arrangements between the donors and the Organization in which the donors contribute assets to the Organization, which are recognized at fair value. The portion of these assets held for the benefit of others is carried at the estimated present value of future payments to be distributed over the donor's expected life based on Internal Revenue Service valuation tables, and is classified as an annuity obligation. The difference is recognized as contribution revenues in the year of the gift. The discount rates ranged from 1.6% to 5.2% at December 31, 2022 and 2021.

Investments

Investments are stated at fair value, which are based on quoted market prices or observable inputs. Cash and certificates of deposit included in the investment balances are stated at cost.

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Property and Equipment

Property and equipment are stated at cost. Major renewals and betterments are capitalized while replacements, maintenance and repairs that do not extend the lives of assets are expensed. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is recognized. Property and equipment are depreciated on a straight-line basis over the estimated useful life of the asset as follows:

Building and improvements	5 to 45 years
Furniture, fixtures and equipment	3 to 10 years

Board-Designated Operating Reserve Fund

The Board-Designated Operating Reserve Fund (“BDORF”) is an unrestricted fund that can be used at the Board’s discretion. It contains a six-month operating reserve, a reserve for strategic investments, and an emergency reserve to assist the Oahu community to rebuild and recover in the event of a natural or man-made disaster.

Impact Allocations

The Organization, based on community input, identified two key issues that impact the community. These impact issues include the ALICE (Asset Limited, Income Constrained, Employed) Project and safety net services. Of the \$6,631,296 and \$6,227,552 in allocations made to the agencies during the years ended December 31, 2022 and 2021, the Organization directed \$2,340,000 and \$1,704,500, respectively, toward impact issue areas.

In 2019, the Organization commissioned the ALICE (Asset Limited, Income Constrained, Employed) Project. ALICE refers to individuals and families that are employed and earn income above the Federal Poverty Level, but not enough to afford basic household necessities. The Organization provides funds to community organizations that provide services to this vulnerable segment of the population. The Organization allocated \$1,500,000 and \$787,500 to its ALICE Project during the years ended December 31, 2022 and 2021, respectively.

Continuum of Care

The Organization is the recipient of various Continuum of Care (“CoC”) grants funded by the U.S. Department of Housing and Urban Development (“HUD”). The CoC program is designed to (1) promote community-wide commitment to the goal of ending homelessness; (2) provide funding for efforts by nonprofits, states and local governments to quickly re-house homeless individuals and families while minimizing the trauma and dislocation caused by homelessness; (3) promote access to and effective utilization of mainstream programs by homeless individuals and families; and (4) optimize self-sufficiency among individuals and families experiencing homelessness.

CoC grant revenues and related expenses are recognized upon disbursement of funds for allowable expenditures or upon distribution to subrecipients.

Coronavirus Relief Fund

The Organization is the recipient of various Coronavirus Relief Fund (“CRF”) grants funded by the U.S. Department of Treasury. The CRF program is designed to assist those households suffering from employment and/or income interruptions due to COVID-19 related business closures. The Organization has been awarded two grants under the CRF including the Household Hardship Relief Fund and the Rent Relief & Housing Assistance Program.

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CRF grant revenues and related expenses are recognized upon disbursement of funds for allowable expenditures.

Native Hawaiian Housing Block Grants

The Organization is the recipient of a Native Hawaiian Housing Block Grant (“NHHBG”) funded by HUD. The program is designed to assist native Hawaiian Beneficiaries affected by the COVID-19 pandemic with rental assistance. The Organization has been awarded one grant under the NHHBG which consisted of the Department of Hawaiian Homelands Rent Assistance Program.

NHHBG grant revenues and related expenses are recognized upon disbursement of funds for allowable expenditures.

Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and IT services, which are allocated on a square footage or full-time equivalent basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Fiscal Agent Support

The Organization serves as fiscal agent for various nonprofit organizations receiving Federal and non-Federal funds. Fiscal agent support and related expenses are recognized upon distribution of funds to the organizations.

Donated Services

The Organization recognizes their pro rata share of the fair value of airtime donated to United Way Worldwide, which is allocated based on a ratio of membership dues paid by each member agency during the year. For the years ended December 31, 2022 and 2021, the Organization included \$55,057 and \$84,783, respectively, as in-kind contribution revenue and in-kind program services expense.

A substantial number of volunteers have donated significant amounts of their time in the Organization’s program services and in its fundraising campaigns; however, no amounts have been reflected in the accompanying financial statements for donated services because these services did not meet the requirements for financial statement recognition.

Income Taxes

The Organization has received a determination letter from the Internal Revenue Service that it is tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

The Organization evaluates uncertain tax positions utilizing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. At December 31, 2022 and 2021, management believes there were no significant uncertain tax positions and there were no pending federal or state income tax audits. The federal statute of limitations remains open for the Organization for the years ended December 31, 2019 through 2021.

Employee Benefit Plan

The Organization created a defined contribution plan effective June 1, 2012 covering substantially all employees. For the years ended December 31, 2022 and 2021, contributions made to the plan by the Organization were \$104,930 and \$117,841, respectively.

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Lease Income

Lease income is recognized as income on a straight-line basis over the lease term.

Advertising

Advertising costs are recognized when incurred and approximated \$166,000 and \$137,000 for the years ended December 31, 2022 and 2021, respectively.

Fair Value Measurements

The Organization measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value, as follows:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- **Level 2** – Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- **Level 3** – Unobservable inputs for an asset or liability reflecting the reporting entity's own assumptions. Level 3 inputs are used to measure fair value to the extent that observable Level 1 or Level 2 inputs are not available.

The fair value of corporate and foreign stock, mutual funds, and fixed interest funds were estimated using a market approach with quoted prices in an active market or exchange and are generally categorized in Level 1. The fair value of corporate bonds was estimated using an income approach with extrapolated data and proprietary pricing models that use observable inputs, such as prices in active markets, and are generally categorized in Level 2. The fair value of time certificates of deposit was estimated based on amortized cost and is categorized in Level 2. The fair value of the underlying assets in its beneficial interest in perpetual trusts is generally categorized in Level 3 as the Organization does not have possession nor does it control the underlying investments.

Subsequent Events

Management has reviewed all events that have occurred from January 1, 2023 through August 16, 2023, the date that the financial statements were available for issuance, for proper accounting and disclosure in the financial statements.

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3. Availability of Financial Assets

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and equivalents	\$ 4,060,331
Grants and other receivables	1,320,182
Pledges receivable	2,398,759
Investments	<u>6,483,596</u>
Financial assets at year end	14,262,868
Less: Assets unavailable for general expenditures within one year due to donor restrictions	<u>(5,088,264)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,174,604</u>

The Organization's operations and grant funding are primarily supported by its undesignated contributions. The BDORF investments may also be used for strategic initiatives, additional grant funding, and general operations upon Board approval. Contained within the BDORF investments is a six-month operating reserve that is monitored by the Organization's Finance Committee. In the event of an unanticipated liquidity need, the Organization may also draw up to \$1,500,000 from its Loan Management Account under which \$1,500,000 is available, and is collateralized by a portion of the BDORF investments.

4. Investments

The Organization's investments at December 31, 2022 and 2021 consisted of the following:

	2022	2021
Cash	\$ 423,526	\$ 290,968
Corporate and foreign stock	336,743	668,845
Mutual and fixed income funds	<u>5,723,327</u>	<u>6,802,368</u>
	<u>\$ 6,483,596</u>	<u>\$ 7,762,181</u>

At December 31, 2022 and 2021, noncurrent investments consisted of the following:

	2022	2021
Cash	\$ 51,258	\$ 108,337
Restricted certificate of deposit, with interest of 3.00% at December 31, 2022 and 2021	1,000,000	1,000,000
Corporate and foreign bonds	-	27,785
Mutual and fixed income funds	<u>1,616,379</u>	<u>1,709,992</u>
	<u>\$ 2,667,637</u>	<u>\$ 2,846,114</u>

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5. Fair Value Measurements

The Organization has determined the fair value of its investments and the underlying assets in its beneficial interest in perpetual trusts measured on a recurring basis at December 31, 2022 as follows:

	2022			
	Level 1	Level 2	Level 3	Total
Investments				
Cash	\$ 474,784	\$ -	\$ -	\$ 474,784
Corporate stock				
Financials	7,437	-	-	7,437
Consumer	4,291	-	-	4,291
Healthcare	15,849	-	-	15,849
Information technology	11,044	-	-	11,044
Total corporate stock	38,621	-	-	38,621
Foreign stock	298,122	-	-	298,122
Mutual funds				
Domestic equity funds	4,323,254	-	-	4,323,254
International funds	1,666,175	-	-	1,666,175
Total mutual funds	5,989,429	-	-	5,989,429
Fixed income funds	1,350,277	-	-	1,350,277
Time certificates of deposit	-	1,000,000	-	1,000,000
Beneficial interest in perpetual trusts	-	-	952,112	952,112
	<u>\$ 8,151,233</u>	<u>\$ 1,000,000</u>	<u>\$ 952,112</u>	<u>\$ 10,103,345</u>

The following table presents a reconciliation of the beginning and ending balances of the fair value measurement using significant unobservable inputs (Level 3):

	Beneficial Interest in Perpetual Trusts
As of January 1, 2021	\$ 1,098,861
Sales and distributions	(137,848)
Purchases	80,190
Realized and unrealized gains, net	164,300
As of December 31, 2021	1,205,503
Sales and distributions	(160,477)
Purchases	84,038
Realized and unrealized losses, net	(176,952)
As of December 31, 2022	<u>\$ 952,112</u>

There were no transfers into or out of Level 3 during the years ended December 31, 2022 or 2021.

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The Organization has determined the fair value of its investments and the underlying assets in its beneficial interest in perpetual trusts measured on a recurring basis at December 31, 2021 as follows:

	2021			
	Level 1	Level 2	Level 3	Total
Investments				
Cash	\$ 399,305	\$ -	\$ -	\$ 399,305
Corporate stock				
Financials	10,836	-	-	10,836
Consumer	8,590	-	-	8,590
Healthcare	23,545	-	-	23,545
Information technology	15,699	-	-	15,699
Total corporate stock	58,670	-	-	58,670
Foreign stock	610,175	-	-	610,175
Corporate bonds				
Financials	-	27,785	-	27,785
Total corporate bonds	-	27,785	-	27,785
Mutual funds				
Domestic equity funds	5,764,191	-	-	5,764,191
International funds	1,477,330	-	-	1,477,330
Total mutual funds	7,241,521	-	-	7,241,521
Fixed income funds	1,270,839	-	-	1,270,839
Time certificates of deposit	-	1,000,000	-	1,000,000
Beneficial interest in perpetual trusts	-	-	1,205,503	1,205,503
	<u>\$ 9,580,510</u>	<u>\$ 1,027,785</u>	<u>\$ 1,205,503</u>	<u>\$ 11,813,798</u>

6. Pledges Receivable

Pledges receivable as of December 31, 2022 are summarized as follows:

	Pledges Due in Less Than 1 Year	Pledges Due Within 1 – 5 Years	Less:	Total
			Unamortized Present Value Discount	
Campaign pledges receivable				
2022 Campaign	\$ 1,962,763	\$ 400,000	\$ (19,348)	\$ 2,343,415
2021 Campaign	55,344	-	-	55,344
Total pledges receivable, net	<u>\$ 2,018,107</u>	<u>\$ 400,000</u>	<u>\$ (19,348)</u>	<u>\$ 2,398,759</u>

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Pledge receivable as of December 31, 2021 are summarized as follows:

	Pledges Due in Less Than 1 Year	Pledges Due Within 1 – 5 Years	Less: Unamortized Present Value Discount	Total
Campaign pledges receivable				
2021 Campaign	\$ 1,906,009	\$ -	\$ -	\$ 1,906,009
2020 Campaign	(78,543)	-	-	(78,543)
Total pledges receivable, net	<u>\$ 1,827,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,827,466</u>

Pledges due in more than one year are reported at the net present value of future cash flows and are discounted using a rate of 3.4% for the year ended December 31, 2022.

7. Grants and Other Receivables

At December 31, 2022 and 2021, grants and other receivables consisted of the following:

	2022	2021
Grant receivable from the U.S. Department of Housing and Urban Development	\$ 692,670	\$ 1,265,665
Receivable from ALEA Bridge	-	96,541
Receivable from Partners in Care, net	104,671	104,671
Due from United Way Statewide Association of Hawaii, net	13,758	13,758
Contract services receivable and other	509,083	433,581
	<u>\$ 1,320,182</u>	<u>\$ 1,914,216</u>

8. Community Service Center

The Organization's offices are located within the Castle and Cooke Community Service Center owned by the Organization. Office space is leased to tenants, which are primarily nonprofit organizations, under noncancelable lease agreements with terms expiring on various dates through 2028. The leases provide for minimum rents with scheduled increases and for reimbursements of the tenant's share of building operating expenses.

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Community Service Center revenues and expenses during 2022 and 2021 included the following:

	2022	2021
Minimum rent income	\$ 896,517	\$ 800,563
Operating expense reimbursements	759,449	655,661
Parking rent	<u>91,768</u>	<u>87,582</u>
Lease income	1,747,734	1,543,806
Other income	<u>28,893</u>	<u>42,912</u>
	<u>1,776,627</u>	<u>1,586,718</u>
Less: Expenses		
Depreciation	167,972	165,689
Utilities	318,555	220,314
Repairs and maintenance	170,153	154,813
Janitorial, grounds and security	282,936	272,203
Commissions	61,797	20,241
Management fees	58,530	56,826
Insurance	78,988	25,053
Other expenses	<u>61,948</u>	<u>33,887</u>
	<u>1,200,879</u>	<u>949,026</u>
	<u>\$ 575,748</u>	<u>\$ 637,692</u>

Future minimum lease income under noncancelable operating lease agreements and commitments for office space as of December 31, 2022 is as follows:

Years ending	
2023	\$ 766,000
2024	691,000
2025	526,000
2026	273,000
2027	143,000
Thereafter	<u>15,000</u>
	<u>\$ 2,414,000</u>

Future minimum lease income under noncancelable operating lease agreements and commitments for office space as of December 31, 2021 was as follows:

Years ending	
2022	\$ 831,000
2023	545,000
2024	465,000
2025	324,000
2026	175,000
Thereafter	<u>77,000</u>
	<u>\$ 2,417,000</u>

Aloha United Way, Inc.
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Notes to Financial Statements
December 31, 2022 and 2021

The cost and accumulated depreciation related to the property the Organization leases or will have available to lease, based on square footage usage, as of December 31, 2022 and 2021 were as follows:

	2022	2021
Buildings and improvements	\$ 8,497,754	\$ 8,420,895
Less: Accumulated depreciation	<u>(6,802,204)</u>	<u>(6,611,500)</u>
	<u>\$ 1,695,550</u>	<u>\$ 1,809,395</u>

9. Net Assets with Donor Restrictions

Net assets with time restrictions consisted of campaign results for the next allocation period of \$5,088,264 and \$4,570,390 as of December 31, 2022 and 2021, respectively.

Net assets with permanent donor restrictions generate income that can be expended for unrestricted purposes and consist of the following:

	2022	2021
Donor restricted endowments	\$ 2,054,427	\$ 1,954,427
Perpetual trusts	952,112	1,205,503
Other restricted assets	<u>584,885</u>	<u>855,616</u>
	<u>\$ 3,591,424</u>	<u>\$ 4,015,546</u>

10. Uniform Prudent Management of Institutional Funds Act

In 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organizations, and imposes additional duties on those who manage and invest charitable funds. Board-designated net assets with and without donor restrictions are termed endowment funds under UPMIFA. Effective July 1, 2009, the State of Hawaii Legislature adopted the provisions of UPMIFA into Hawaii Revised Statutes Chapter 517E.

The Organization includes in their endowment donor-restricted endowment funds. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization invests their restricted funds in a certificate of deposit and cash equivalents when received unless otherwise designated by the donors. The funds are maintained in perpetuity and the earnings on the investments are released for unrestricted use.

The Organization's spending policy for the endowment assets provides funding in addition to the amounts that are raised during the campaign. The spending policy reflects that the investment income earned for net assets with donor restrictions should be reported as unrestricted income and be used for expenditures for which the endowment was established.

The endowment net asset composition as of December 31, 2022 and 2021 consisted of donor-restricted endowment funds of \$2,054,427 and \$1,954,427, respectively, included in net assets with donor restrictions.

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Changes in endowment net assets for the years ended December 31, 2022 and 2021 were as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, January 1, 2021	\$ -	\$ 1,718,407	\$ 1,718,407
Contributions	-	236,020	236,020
Interest income	-	30,402	30,402
Appropriation of endowment earnings for expenditure	30,402	(30,402)	-
Expenditure of endowment earnings	<u>(30,402)</u>	<u>-</u>	<u>(30,402)</u>
Total change in endowment net assets	<u>-</u>	<u>236,020</u>	<u>236,020</u>
Endowment net assets, December 31, 2021	<u>-</u>	<u>1,954,427</u>	<u>1,954,427</u>
Contributions	-	100,000	100,000
Interest income	-	30,403	30,403
Appropriation of endowment earnings for expenditure	30,403	(30,403)	-
Expenditure of endowment earnings	<u>(30,403)</u>	<u>-</u>	<u>(30,403)</u>
Total change in endowment net assets	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Endowment net assets, December 31, 2022	<u>\$ -</u>	<u>\$ 2,054,427</u>	<u>\$ 2,054,427</u>

11. Line of Credit

The Organization entered into a line of credit agreement with a financial institution in April 2016. The line has a limit of \$1,500,000 and is collateralized by certain investments.

In August 2021, the Organization paid down \$500,000 of the \$1,000,000 outstanding balance. At December 31, 2021, the balance outstanding was \$500,000 and bore interest at 2.40%. In February 2022, the Organization paid down the remaining \$500,000 outstanding balance.

12. Paycheck Protection Program

In February 2021, the Organization was approved by the U.S. Small Business Administration's ("SBA") for a second Payment Protection Program ("PPP") loan of \$771,557 which originally was scheduled to mature in February 2026. Interest accrued at 1.00% and monthly payments of principal and interest were dependent on amounts forgiven by the SBA or another period authorized under the PPP. All unpaid principal and interest were due at maturity unless forgiven.

The Organization has concluded the PPP proceeds represent, in substance, a grant that is expected to be forgiven and has accounted for the proceeds in accordance with FASB ASC 958 605. Under ASC 958 605, proceeds from the PPP are conditional and are initially recorded as a refundable advance, which is subsequently recognized into income once the conditions of release have been substantially met or explicitly waived. During the year ended December 31, 2021, the Organization estimated that it had incurred \$771,557 of qualifying expenses, determined that it has met the requirements for forgiveness, and recognized \$771,557 of grant income.

In March 2022, the Organization received notice from its lender that the SBA has forgiven the Organization's PPP loan in its entirety.

Supplemental Schedule

Aloha United Way, Inc.
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Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2022

808 Aloha Cleanups	\$ 12,933
A Family Tree	4,706
AccessSurf Hawaii	14,015
Adult Friends for Youth	9,441
After-School All-Stars Hawaii	8,201
Aha Punana Leo Inc.	1,338
Aloha Animal Sanctuary	5,000
Aloha Harvest	84,398
Aloha Medical Mission	6,518
Alzheimer’s Disease and Related Disorders Association, Inc.	85,272
American Cancer Society Inc.	38,934
American Civil Liberties Union of Hawaii Foundation	2,527
American Diabetes Association	25,571
American Heart Association of Hawaii	48,357
American Red Cross – Guam	1,011
American Red Cross	8,305
American Red Cross, North Mariana	61,302
American Lung Association – Maui	2,739
Assets School	15,326
Ballet Hawaii	1,094
Best Buddies International	1,413
Big Brothers Big Sisters Hawaii	40,963
Bishop Museum	8,424
Blood Bank Of Hawaii	14,067
Blue Planet Foundation	6,639
Boy Scouts Of America – Aloha Council	54,019
Boys & Girls Club of Hawaii	109,223
Boys & Girls Club Of Hilo	1,964
Boys & Girls Club of Maui	3,439
Camp Agape Hawaii	10,200
Catholic Charities Hawaii	285,491
Center for Tomorrow’s Leaders	27,800
Cf Vests for Life Foundation	2,225
Chaminade University of Honolulu	10,128
Child & Family Service	70,152
Children’s Discovery Center	1,000
Coalition For A Drug-Free Hawaii	7,034
Common Grace	1,123
Compassion For Cancer Caregivers	14,220
Council for Native Hawaiian Advancement	101,860
CrimeStoppers Honolulu Inc.	3,600
Department of Education	4,900
Diamond Head Theatre	43,407
Disabled American Veterans (“DAV”) Charitable Service Trust	4,593
Domestic Violence Action Center	76,717

(continued)

Aloha United Way, Inc.
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Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2022

East West Center	10,000
Easter Seals Hawaii	26,231
Effective Planning and Innovative Communication Inc.	7,617
Elemental Exceleator, Inc.	1,000
Epilepsy Foundation of Hawaii	4,177
Family Hui Hawaii	1,346
Family Programs of Hawaii	13,162
Family Promise of Hawaii	137,233
Feed The Hunger Foundation	107,205
Feeding Hawaii Together (The Pantry)	52,633
Filipino Community Center Inc.	12,008
Finley Fort Foundation	3,147
Foundation for Amigos De Las Americas	3,000
Franciscan Care Services	1,441
Frank Delima's Student Enrichment Program Inc.	2,536
Friends of Hokulea and Hawaiiiloa Inc.	1,000
Friends of the Children's Justice Center of Oahu	11,844
Friends of the East West Center	2,000
Friends of the John A. Burns School of Medicine	1,000
Friends of the Library of Hawaii	3,603
Friends of the University of Hawaii Cancer Research Center	4,524
Fund for the Pacific Century	5,000
Fur-Angel Foundation	3,705
Girl Scouts of Hawaii	39,895
Global Fund for Children	8,000
Goodwill Industries of Hawaii, Inc.	90,276
Gregory House Programs	16,039
Guide Dogs of Hawaii Adaptive Aids Canines & Advocacy for the Blind	14,869
Habilitat, Inc.	2,955
Hale Kipa, Inc.	72,184
Halla Huhm Foundation	7,000
Hanahau'oli School	10,000
Hands of Hope	2,300
Hawaii 3RS	3,303
Hawaii 4-H Foundation	2,343
Hawaii Academy of Science	2,000
Hawaii Alliance for Arts in Education	1,162
Hawaii Alliance of Nonprofit Organizations	5,000
Hawaii Appleseed Center for Law and Economic Justice	101,268
Hawaii Autism Foundation	4,148
Hawaii Bowl Foundation	1,000
Hawaii Children's Action Network	81,725
Hawaii Children's Cancer Foundation	42,871
Hawaii Community Foundation	31,890
Hawaii Conference Foundation	1,000

(continued)

Aloha United Way, Inc.
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Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2022

Hawaii Council on Economic Education	2,000
Hawaii Dog Foundation	13,655
Hawaii Employees Lifeline Program	3,900
Hawaii Fi-Do Service Dogs	5,055
Hawaii Foodbank (Kauai)	1,394
Hawaii Foodbank	176,067
Hawaii HomeOwnership Center	75,846
Hawaii Island United Way	31,346
Hawaii Justice Foundation	1,159
Hawaii Lions Foundation	1,160
Hawaii Literacy, Inc.	14,541
Hawaii Meals on Wheels, Inc.	162,546
Hawaii Mothers' Milk, Inc.	2,918
Hawaii Nature Center	7,636
Hawaii Opera Theatre	1,086
Hawaii Pacific University	6,046
Hawaii Performing Arts Company Ltd.	7,403
Hawaii Public Radio	24,654
Hawaii Public Television Foundation dba PBS Hawaii	26,041
Hawaii Society of CPAs	5,000
Hawaii State Coalition Against Domestic Violence	2,379
Hawaii Symphony Orchestra Inc.	6,929
Hawaii Theatre Center	9,572
Hawaii Youth Opera Chorus	3,481
Hawaii Youth Symphony	9,744
Hawaiian Community Assets	100,683
Hawaiian Humane Society	151,328
HawaiikidsCAN	4,330
Healthy Mothers Healthy Babies Coalition of Hawaii	36,273
Helping Hands Hawaii	33,136
Historic Hawai'i Foundation	16,597
Ho'ola Na Pua	79,329
Honolulu Community Action Program Inc.	53,019
Honolulu Habitat for Humanity	30,524
Honolulu Museum of Art	3,925
Honolulu Police Community Foundation	5,885
Honolulu Professionals Foundation	3,500
Honolulu Theatre for Youth	24,722
Honolulu Zoological Society	9,291
Honpa Hongwanji Hilo Betsuin	3,500
Honpa Hongwanji Mission of Hawaii	3,397
Hospice Maui	4,249
Hospice of Kona	1,439
HUGS (Help, Understanding & Group Support)	23,526
Hui Mahi'ai Aina	2,500

(continued)

Aloha United Way, Inc.
(A Nonprofit Organization)
Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2022

IHS, The Institute for Human Services, Inc.	216,625
I'm A Bright Kid Foundation	1,658
Imua Family Services (Maui)	1,070
Institute for Native Pacific Education and Culture	103,131
Iolani School	64,592
Japan America Society of Hawaii	1,000
Japanese Cultural Center of Hawai'i	5,866
Jewish Community Services	1,601
Junior Achievement of Hawaii	4,802
Kako'o Oiwi	1,000
Kalihi-Palama Health Center	3,914
Kamehameha Schools	1,000
Kanehunamoku Voyaging	1,050
Kapi'olani Health Foundation	29,222
Kauai United Way	9,631
KCAA PreSchools of Hawaii	25,917
Kids Hurt Too Hawaii	2,907
Kokua Kalihi Valley Comprehensive Family Services	186,341
Kokua Mau Inc.	1,005
Kuakini Foundation	8,406
Kupu	15,791
Kupu Maui	1,097
Lanakila Pacific	24,028
Le Jardin Academy	9,010
Legacy of Life Hawai'i	3,904
Legal Aid Society of Hawaii	131,730
Life Foundation (Hawaii Health & Harm Reduction Center)	10,367
Make A Wish Hawaii Inc	77,053
Manoa Heritage Center	1,500
March of Dimes Foundation	4,683
Maryknoll School	12,561
Maui Adult Day Care Centers	1,015
Maui United Way	34,463
Mental Health America of Hawaii	4,858
Mental Health Kokua	48,894
Mid-Pacific Institute	89,165
Mililani Hongwanji Mission	3,500
Moilili Community Center	7,997
Moilili Hongwanji Mission – Project Dana	50,680
Montessori Community School	4,167
Mothers Against Drunk Driving	1,194
Mountain Valley Treatment Center	5,000
Na Kama Kai	10,000
National Alliance on Mental Illness Hawaii	5,011
National Kidney Foundation of Hawaii	13,013

(continued)

Aloha United Way, Inc.
(A Nonprofit Organization)
Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2022

Navian Hawaii, formally Hospice Hawaii	37,731
Navy Hale Keiki School	3,077
New Covenant Academy	13,000
North Shore Community Land Trust	2,000
Oahu Economic Development Board	15,000
Oahu Society for the Prevention of Cruelty of Animals	38,298
Olelo Community Media	1,250
Onizuka Memorial Committee	20,000
Order of Malta, American Association	1,000
Outrigger Duke Kahanamoku Foundation	1,000
Pacific and Asian Affairs Council	17,207
Pacific Gateway Center	1,438
Palama Settlement	42,950
Pali Momi Foundation	11,011
Palolo Chinese Home	21,459
Pancho & Ella Alcon Foundation Inc.	1,600
Parents and Children Together	125,582
Partners in Development Foundation	103,478
PATCH (People Attentive to Children)	2,425
PATCH (People Attentive to Children) – Big Island	1,342
Planned Parenthood of the Great Northwest & Hawaiian Islands	22,298
Positive Coaching Alliance	1,000
Prevent Child Abuse Hawaii	1,774
Punahou School	34,845
Read To Me International Foundation	2,676
Rehabilitation Hospital of the Pacific	27,741
Residential Youth Services and Empowerment	99,049
Responsive Caregivers of Hawaii	2,075
Re-use Hawaii	1,262
River of Life Mission	7,687
Roman Catholic Diocese	1,000
Ronald McDonald House Charities of Hawaii	24,291
SAC Foundation	10,000
Sacred Hearts Academy	61,757
Saddleback Church	1,000
Saint Louis School	35,398
Seagull Schools, Inc.	4,990
Shidler College of Business Alumni Association	2,500
Shriners Hospitals for Children Honolulu	21,450
Sjorgen’s Foundation	1,000
Soroptimist International	3,000
Special Education Center of Hawaii	3,056
Special Olympics Hawaii	64,975
St. Andrew’s Priory and Prep	13,000
St. Francis Community Health Services	4,892

(continued)

Aloha United Way, Inc.
(A Nonprofit Organization)
Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2022

St. Francis Healthcare Foundation of Hawaii	19,272
Straub Foundation	17,690
Susan G. Komen Breast Cancer Foundation	31,067
Susannah Wesley Community Center	44,991
Tax Foundation of Hawaii	1,618
Teach for America Hawai'i	34,862
The Alcoholic Rehabilitation Services of HI dba Hina Mauka	2,052
The Arc in Hawaii	14,884
The Compassionate Friends Inc. Honolulu Chapter	2,462
The Food Basket – Hawaii Island's Food Bank	1,393
The Korean American Foundation Hawaii	1,350
The Leahi-Maluhia Foundation Inc	2,229
The Legal Clinic	20,300
The Maui Farm, Inc.	1,550
The Mediation Center of the Pacific, Inc.	3,703
The Nature Conservancy Hawaii Program	25,384
The Queen's Health Systems	4,480
The Salvation Army Hawaiian & Pacific Islands Division	59,920
Touch a Heart Inc.	2,251
United Cerebral Palsy Association of Hawaii	1,932
United Service Organizations Inc.	3,537
United States Veterans Initiative	4,938
University of Hawaii Foundation	142,670
U.S. Japan Council	25,367
Variety School of Hawaii	5,000
Visitor Aloha Society of Hawaii	2,229
Volunteer Legal Services Hawaii	3,642
Waianae District Comprehensive Health and Hospital Board Inc.	53,305
Waikiki Community Center	165,518
Waikiki Health	32,443
Waimanalo Health Center	35,347
Weed and Seed Hawaii	2,500
Winners at Work Inc.	2,704
Women in Need ("WIN")	12,502
Women Speaking Out	1,550
Wounded Warrior Ohana	5,516
YMCA of Honolulu	56,134
Young Life Central Oahu	1,881
Young of Heart Workshop	5,000
Youth for Christ USA Inc.	3,291
YWCA of O'ahu	13,513
Other	113,396
	<u>\$ 6,631,296</u>

(concluded)

Schedule of Expenditures of Federal Awards

Aloha United Way, Inc.
(A Nonprofit Organization)
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Agency / Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Housing and Urban Development				
Continuum of Care Program	14.267		\$ 4,767,797	\$ 4,767,797
Pass-through from the City and County of Honolulu, Department of Community Services				
Community Development Block Grant	14.218	D4W7SB9CF8G4	159,378	159,378
Pass-through from the State of Hawaii, Department of Hawaiian Homelands				
COVID-19 – Native Hawaiian Housing Block Grants	14.873	68690	<u>17,475</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>4,944,650</u>	<u>4,927,175</u>
Total expenditures of federal awards			<u>\$ 4,944,650</u>	<u>\$ 4,927,175</u>

Aloha United Way, Inc.

(A Nonprofit Organization)

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization and is presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Indirect Costs

The Organization has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Single Audit Reports



**Report of Independent Auditors on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Directors of
Aloha United Way, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Aloha United Way, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding No. 2022-001.

The Organization's Response to Findings

Government Auditing Standards require the auditors to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

accuity LLP

Honolulu, Hawaii
August 16, 2023



**Report of Independent Auditors on Compliance
for Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance**

To the Board of Directors of
Aloha United Way, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Aloha United Way, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2022. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts, or grant agreements applicable to the Organization's federal programs.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding No. 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards require the auditors to perform limited procedures on the Organization's response to noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.



Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Accuity LLP

Honolulu, Hawaii
August 16, 2023

Schedule of Findings and Questioned Costs

Aloha United Way, Inc.
 (A Nonprofit Organization)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued	<u>Unmodified</u>	
Internal control over financial reporting		
• Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
• Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major program		
• Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
• Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Type of auditors’ report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<u> X </u> yes	<u> </u> no

Identification of major programs

Name of Federal Program or Cluster	AL Number
Continuum of Care Program	14.267

Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no

Aloha United Way, Inc.
(A Nonprofit Organization)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section II – Financial Statement Findings

None noted.

Aloha United Way, Inc.
(A Nonprofit Organization)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section III – Federal Award Findings and Questioned Costs

Finding No. 2022-001: Special Tests and Provisions

Federal Agency: Department of Housing and Urban Development

AL Number and Title: 14.267 Continuum of Care Program

Repeat Finding? No

Condition

During our audit, we examined a non-statistical sample of six individuals receiving rent assistance, noting that for two individuals, the required rent reasonableness checklist and certification form was not completed.

Criteria

Per 24 CFR sections 578.51(g), where grants are used to pay rent for individual housing units, the recipient or subrecipient must determine whether the rent charged is reasonable in relation to rents being charged for comparable assisted units, taking into account the location, size, type, quality, amenities, facilities, and management and maintenance of each unit. Under U.S. Department of Housing and Urban Development (“HUD”) guidelines, a rent reasonableness checklist and certification form is required for all individuals receiving rent assistance.

Effect

Failure to complete required documentation may result in noncompliance with HUD guidelines.

Cause and View of Responsible Officials

Due to miscommunication, one of the Organization’s subrecipients was performing rent reasonable assessments based on outdated HUD guidelines. Because the Organization performed its monitoring procedures over the subrecipient’s rent reasonableness assessments after the grant period ended, one of its subrecipients was not made aware of the updated HUD rent reasonableness procedures in a timely manner. However, the Organization does perform an independent assessment of rents compared to fair market value and reviews the rent calculation worksheet during each drawdown.

Recommendation

We recommend program management ensure subrecipients are familiar with rent reasonableness requirements and perform timely monitoring of their subrecipients during the grant period.

Corrective Action Plan

Finding No. 2022-001: Special Tests and Provisions**Federal Agency: Department of Housing and Urban Development****Condition**

Per 24 CFR sections 578.51(g), where grants are used to pay rent for individual housing units, the recipient or subrecipient must determine whether the rent charges are reasonable in relation to rents being charged for comparable assisted units, taking into account the location, size, type, quality, amenities, facilities, and management and maintenance of each unit.

The auditing firm selected a sample of individuals receiving rent assistance. There was no evidence of the rent reasonableness checklist and certification form for two individuals. However, the Organization does perform an independent assessment of rents compared to fair market value and reviews the rent calculation worksheet during each drawdown.

Current Status of Corrective Action Plan

Concur. The Organization will continue to ensure that its subrecipients are in compliance with rent reasonableness guidelines per 24 CFR sections 578.51(g).

Person Responsible

Suzanne Skjold, Chief Operating Officer

Anticipated Date of Completion

February 1, 2023