



Aloha United Way, Inc.

(A Nonprofit Organization)

Financial and Compliance Audit

December 31, 2020 and 2019



Aloha United Way, Inc.

(A Nonprofit Organization)

Index

	Page(s)
Report of Independent Auditors	
Financial Statements	
Statements of Financial Position December 31, 2020 and 2019.....	3
Statement of Activities Year Ended December 31, 2020.....	4
Statement of Activities Year Ended December 31, 2019.....	5
Statements of Functional Expenses Years Ended December 31, 2020 and 2019	6
Statements of Cash Flows Years Ended December 31, 2020 and 2019	7
Notes to Financial Statements December 31, 2020 and 2019.....	8–22
Supplemental Schedule	
Supplemental Schedule of Allocations to Agencies Year Ended December 31, 2020.....	23–28
Schedule of Expenditures of Federal Awards	
Schedule of Expenditures of Federal Awards Year Ended December 31, 2020.....	29
Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2020.....	30
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 <i>Government Auditing Standards</i>	
Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	

Aloha United Way, Inc.

(A Nonprofit Organization)

Index

	Page(s)
Schedule of Findings and Questioned Costs	
Section I – Summary of Auditors’ Results	
Year Ended December 31, 2020.....	36
Section II – Financial Statement Findings	
Year Ended December 31, 2020.....	37
Section III – Federal Award Findings and Questioned Costs	
Year Ended December 31, 2020.....	38



Report of Independent Auditors

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

Report on the Financial Statements

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 of the United States. 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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.

999 Bishop Street
Suite 1900
Honolulu, HI 96813

OFFICE 808.531.3400
FAX 808.531.3433
accuityllp.com



Opinion

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, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, 2020 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 October 14, 2021 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 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 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
October 14, 2021

Aloha United Way, Inc.
(A Nonprofit Organization)
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 8,316,800	\$ 2,381,338
Investments	6,662,887	6,611,312
Pledges receivable, net of allowance of \$672,469 and \$692,896 in 2020 and 2019, respectively	1,595,639	3,035,146
Grants and other receivables	1,997,303	1,241,933
Prepaid expenses and other	103,628	92,524
Total current assets	<u>18,676,257</u>	<u>13,362,253</u>
Endowments and charitable gift annuities	2,435,869	2,123,831
Cash and time certificates of deposit held by third party	1,342,371	828,475
Beneficial interest in perpetual trusts	1,098,861	1,029,310
Other assets	204,882	201,876
Property and equipment		
Land	191,000	191,000
Building and improvements	11,430,914	11,081,008
Furniture, fixtures and equipment	796,496	796,495
Total	<u>12,418,410</u>	<u>12,068,503</u>
Less: Accumulated depreciation	<u>(9,664,597)</u>	<u>(9,367,027)</u>
Property and equipment, net	<u>2,753,813</u>	<u>2,701,476</u>
Total assets	<u>\$ 26,512,053</u>	<u>\$ 20,247,221</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,417,355	\$ 1,396,863
Due to designated agencies	1,622,695	2,501,471
Deferred grant income	5,163,922	371,262
Line of credit	1,000,000	-
Total current liabilities	<u>10,203,972</u>	<u>4,269,596</u>
Annuities payable, noncurrent	45,966	49,988
Total liabilities	<u>10,249,938</u>	<u>4,319,584</u>
Net assets		
Without donor restrictions		
Invested in property and equipment, net	2,753,813	2,701,476
Board-Designated Operating Reserve Fund	4,649,761	4,100,235
Undesignated	2,000,000	2,000,000
Total net assets without donor restrictions	<u>9,403,574</u>	<u>8,801,711</u>
With donor restrictions	6,858,541	7,125,926
Total net assets	<u>16,262,115</u>	<u>15,927,637</u>
Total liabilities and net assets	<u>\$ 26,512,053</u>	<u>\$ 20,247,221</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Campaign revenue			
Current year campaign contributions	\$ -	\$ 5,283,106	\$ 5,283,106
Prior year campaign contributions (released from restrictions)	6,741,116	(6,741,116)	-
Prior years' campaign contributions received in current year	1,943,192	-	1,943,192
Gross campaign results	8,684,308	(1,458,010)	7,226,298
Less: Donor designations – current year campaign	-	(2,090,428)	(2,090,428)
Less: Donor designations – prior year campaign	(3,798,970)	2,861,513	(937,457)
Less: Provision for uncollectible pledges – current year campaign	-	(237,336)	(237,336)
Less: Provision for uncollectible pledges – prior year campaigns	(524,109)	285,915	(238,194)
Net campaign revenue	4,361,229	(638,346)	3,722,883
Grant income	35,020,906	-	35,020,906
Fiscal agent revenue	316,835	-	316,835
In-kind contributions	336,735	-	336,735
Investment income	751,695	-	751,695
Building income, net	586,210	-	586,210
Change in value of Board-Designated Operating Reserve Fund investments	300,324	-	300,324
Change in value of charitable trusts and other permanently restricted investments	-	370,961	370,961
Other income	514,350	-	514,350
Total revenues and support	42,188,284	(267,385)	41,920,899
Allocations and other functional expenses			
Gross funds allocated to agencies	6,378,220	-	6,378,220
Less: Donor designations	(4,227,279)	-	(4,227,279)
Net funds allocated to agencies	2,150,941	-	2,150,941
Functional expenses			
Program services	36,373,826	-	36,373,826
Management and general	1,504,071	-	1,504,071
Fundraising	1,557,583	-	1,557,583
Total functional expenses	39,435,480	-	39,435,480
Total allocations and expenses	41,586,421	-	41,586,421
Change in net assets	601,863	(267,385)	334,478
Net assets			
Beginning of year	8,801,711	7,125,926	15,927,637
End of year	\$ 9,403,574	\$ 6,858,541	\$ 16,262,115

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Campaign revenue			
Current year campaign contributions	\$ -	\$ 6,741,116	\$ 6,741,116
Prior year campaign contributions (released from restrictions)	7,669,125	(7,669,125)	-
Prior years' campaign contributions received in current year	1,343,900	-	1,343,900
Gross campaign results	9,013,025	(928,009)	8,085,016
Less: Donor designations – current year campaign	-	(2,861,513)	(2,861,513)
Less: Donor designations – prior year campaign	(3,746,377)	3,320,147	(426,230)
Less: Provision for uncollectible pledges – current year campaign	-	(285,915)	(285,915)
Less: Provision for uncollectible pledges – prior year campaigns	(496,779)	311,755	(185,024)
Net campaign revenue	4,769,869	(443,535)	4,326,334
Grant income	6,306,080	-	6,306,080
Bequests	386	-	386
Fiscal agent revenue	249,941	-	249,941
In-kind contributions	476,493	-	476,493
Investment income	519,442	-	519,442
Building income, net	520,649	-	520,649
Change in value of Board-Designated Operating Reserve Fund investments	638,490	-	638,490
Change in value of charitable trusts and other permanently restricted investments	-	284,517	284,517
Other income	249,382	-	249,382
Total revenues and support	13,730,732	(159,018)	13,571,714
Allocations and other functional expenses			
Gross funds allocated to agencies	7,033,467	-	7,033,467
Less: Donor designations	(4,243,532)	-	(4,243,532)
Net funds allocated to agencies	2,789,935	-	2,789,935
Functional expenses			
Program services	7,419,443	-	7,419,443
Management and general	1,319,463	-	1,319,463
Fundraising	2,172,297	-	2,172,297
Total functional expenses	10,911,203	-	10,911,203
Total allocations and expenses	13,701,138	-	13,701,138
Change in net assets	29,594	(159,018)	(129,424)
Net assets			
Beginning of year	8,772,117	7,284,944	16,057,061
End of year	\$ 8,801,711	\$ 7,125,926	\$ 15,927,637

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, 2020 and 2019

	Program Services			Management and General	Fundraising	Total
	Member Agency Services	Other Program Services	Total			
2020						
Salaries	\$ 1,545,230	\$ 357,017	\$ 1,902,247	\$ 627,370	\$ 699,778	\$ 3,229,395
Employee benefits	232,219	91,521	323,740	117,582	133,961	575,283
Payroll taxes	122,449	31,200	153,649	52,427	58,316	264,392
Total salaries and related expenses	1,899,898	479,738	2,379,636	797,379	892,055	4,069,070
Professional fees and contract services	33,166,041	407,274	33,573,315	464,368	392,081	34,429,764
Media, printing and publications	3,294	98,634	101,928	10,880	160,359	273,167
Depreciation	30,433	21,405	51,838	51,443	42,777	146,058
National dues	65,335	20,541	85,876	27,572	28,237	141,685
Conferences, conventions and meetings	1,522	1,081	2,603	9,880	6,496	18,979
Telephone	9,800	37,235	47,035	4,948	9,719	61,702
Supplies	186	8,906	9,092	4,311	2,004	15,407
Equipment rental and maintenance	59,923	26,668	86,591	75,536	10,895	173,022
Postage and shipping	656	4	660	1,623	2,590	4,873
Travel	942	2,559	3,501	2,664	4,912	11,077
Other	15,550	16,201	31,751	53,467	5,458	90,676
Total expenses	\$ 35,253,580	\$ 1,120,246	\$ 36,373,826	\$ 1,504,071	\$ 1,557,583	\$ 39,435,480
2019						
Salaries	\$ 819,725	\$ 255,312	\$ 1,075,037	\$ 647,812	\$ 747,077	\$ 2,469,926
Employee benefits	133,851	72,601	206,452	145,674	124,166	476,292
Payroll taxes	63,012	20,546	83,558	53,949	57,357	194,864
Total salaries and related expenses	1,016,588	348,459	1,365,047	847,435	928,600	3,141,082
Professional fees and contract services	5,479,471	209,328	5,688,799	297,188	537,730	6,523,717
Media, printing and publications	26,023	72,517	98,540	7,571	434,729	540,840
Depreciation	29,872	20,154	50,026	51,394	44,257	145,677
National dues	36,723	16,551	53,274	31,060	29,392	113,726
Conferences, conventions and meetings	25,029	11,425	36,454	16,384	131,256	184,094
Telephone	5,540	18,297	23,837	5,509	8,295	37,641
Supplies	729	8,351	9,080	10,011	14,850	33,941
Equipment rental and maintenance	8,779	39,276	48,055	13,231	4,317	65,603
Postage and shipping	556	40	596	2,212	7,433	10,241
Travel	12,483	13,493	25,976	18,781	16,665	61,422
Other	4,164	15,595	19,759	18,687	14,773	53,219
Total expenses	\$ 6,645,957	\$ 773,486	\$ 7,419,443	\$ 1,319,463	\$ 2,172,297	\$ 10,911,203

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, 2020 and 2019**

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 334,478	\$ (129,424)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	297,569	302,368
Net unrealized and realized gains on investments	(935,349)	(835,539)
Change in value of charitable trusts	(98,196)	(165,878)
Change in operating assets and liabilities		
Pledges receivable	1,439,507	478,536
Accounts receivable	(755,370)	(126,710)
Prepaid expenses and other	(11,104)	(28,642)
Accounts payable and accrued expenses	1,020,492	(114,155)
Deferred grant income	4,792,660	360,698
Due to designated agencies	(878,776)	(503,495)
Net cash provided by (used in) operating activities	<u>5,205,911</u>	<u>(762,241)</u>
Cash flows from investing activities		
Purchase of property and equipment	(349,906)	(251,523)
Purchases of investments	(5,378,718)	(5,995,018)
Proceeds from sale or maturity of investments	6,262,492	7,173,150
Net change in cash and time certificates of deposit held by third party	(513,896)	11,699
Net change in investments	<u>(284,041)</u>	<u>(128,478)</u>
Net cash provided by (used in) investing activities	<u>(264,069)</u>	<u>809,830</u>
Cash flows from financing activities		
Proceeds from line of credit	1,000,000	-
Charitable gift annuities	(6,380)	(6,380)
Net cash provided by (used in) financing activities	<u>993,620</u>	<u>(6,380)</u>
Net increase in cash and cash equivalents	5,935,462	41,209
Cash and cash equivalents		
Beginning of year	<u>2,381,338</u>	<u>2,340,129</u>
End of year	<u>\$ 8,316,800</u>	<u>\$ 2,381,338</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, 2020 and 2019

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 members in our community. The Organization has fundraised for almost 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 2020, 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 and reported in the statements of activities as net assets released from 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, 2020 and 2019, the amount due to designated agencies was approximately \$1,623,000 and \$2,501,000, respectively.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

In 2020, the Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Among other changes, ASU No. 2014-09 and all related amendments converged and replaced existing revenue recognition guidance, including industry-specific guidance, and required revenue to be recognized in an amount that reflects the consideration to which the Organization expects to be entitled in an exchange of goods or services. The ASU and all related amendments also expanded disclosures related to the nature, timing, amount and uncertainty of revenue recognized. As the majority of the Organization’s revenues come from contributions and other sources that are outside the scope of Accounting Standards Codification (“ASC”) 606, the financial impact of adopting this ASU was not significant.

In 2020, the Organization adopted FASB ASU No. 2018-13, *Fair Value Measurement (Topic 820)*. Among other changes, ASU No. 2018-13 eliminates certain disclosure requirements relating to Level 2 and Level 3 investments. The ASU also modifies existing requirements relating to Level 3 investments and measurement uncertainty. The financial impact of adopting this ASU was not significant.

FASB ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, is effective for the Organization in 2021. Among other changes, ASU No. 2020-07 increases transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. Management is currently assessing the impact this ASU will have on the financial statements and footnotes.

In June 2020, in response to the ongoing Coronavirus Disease 2019 (“COVID-19”) pandemic, the FASB delayed the effective dates for ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASU No. 2016-02, *Leases (Topic 842)*, by one year.

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, valuation of charitable trusts, and pension plan assumptions. 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 2020 and 2019, the Organization maintained its federation for the Combined Federal Campaign consisting of 54 and 60 agencies, respectively. From the 2020 and 2019 campaigns, \$32,512 and \$19,981, respectively, was designated for the Organization, while \$738,442

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

and \$593,724, 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 \$143,513 and \$137,098 for the 2020 and 2019 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.

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.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

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, 2020 and 2019.

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.

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 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 \$6,378,220 and \$7,033,467 in allocations made to the agencies during the years ended December 31, 2020 and 2019, the Organization directed \$1,740,112 and \$2,523,550, 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 \$990,112 and \$1,520,000 to its ALICE Project during the years ended December 31, 2020 and 2019, respectively.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

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. The Organization has been awarded four grants under the CoC including Permanent Supportive Housing, CoC Planning Activities, Homeless Management Information System, and Coordinated Entry System.

CoC grant revenues and related expenses are recognized upon disbursement of funds for allowable expenditures or upon distribution to subrecipients. Of the \$5,694,685 granted by HUD, \$4,737,403 was expended and earned in 2020.

Coronavirus Relief Fund

The Organization is the recipient of various Coronavirus Relief Fund (“CRF”) grants funded by the U.S. Department of Treasury (“DOT”). 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.

CRF grant revenues and related expenses are recognized upon disbursement of funds for allowable expenditures. Of the \$32,133,289 granted by DOT, \$26,897,938 was expended and earned in 2020.

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. Of the \$7,000,000 granted, \$1,123,487 was expended and earned in 2020.

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 FTE basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

Fiscal Agent Revenue

The Organization serves as fiscal agent for various nonprofit organizations receiving Federal and non-Federal funds. Fiscal agent revenues 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, 2020 and 2019, the Organization included \$97,642 and \$71,348, 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, 2020 and 2019, 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, 2017 through 2020.

Employee Benefit Plan

The Organization created a defined contribution plan effective June 1, 2012 covering substantially all employees. For the years ended December 31, 2020 and 2019, contributions made to the plan by the Organization were \$51,491 and \$65,872, respectively.

Rental Income

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

Advertising

Advertising costs are recognized when incurred and approximated \$146,000 and \$404,000 for the years ended December 31, 2020 and 2019, respectively.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

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 government obligations and corporate and foreign bonds were 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.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation. Such reclassifications had no effect on the net assets or change in net assets as previously reported.

Coronavirus Disease 2019

The Organization's operations may be affected by the ongoing outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption that may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to the Organization's campaign revenues.

Subsequent Events

Management has reviewed all events that have occurred from January 1, 2021 through October 14, 2021, the date that the financial statements were available for issuance, for proper accounting and disclosure in the financial statements.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

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	\$ 8,316,800
Accounts receivable	1,997,303
Pledges receivable	1,595,639
BDORF investments	<u>6,662,887</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 18,572,629</u>

The Organization's operations and grant funding are primarily supported by its undesignated contributions. The Board Designated Operating Reserve Fund ("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 \$500,000 is available, and is collateralized by a portion of the BDORF investments.

4. Investments

The Organization's investments at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Cash	\$ 264,350	\$ 318,354
Government obligations	-	394,950
Corporate and foreign stock	581,708	303,780
Corporate and foreign bonds	-	262,391
Mutual and fixed income funds	<u>5,816,829</u>	<u>5,331,837</u>
	<u>\$ 6,662,887</u>	<u>\$ 6,611,312</u>

At December 31, 2020 and 2019, noncurrent investments consisted of the following:

	2020	2019
Cash	\$ 203,455	\$ 77,025
Restricted certificate of deposit, with interest of 3.00% at December 31, 2020 and 2019	1,000,000	1,000,000
Mutual and fixed income funds	<u>1,232,414</u>	<u>1,046,806</u>
	<u>\$ 2,435,869</u>	<u>\$ 2,123,831</u>

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

Investment income in 2020 and 2019 consisted of the following:

	2020	2019
Investment loss	\$ (368,524)	\$ (543,297)
Unrealized and realized gains, net	1,120,219	1,062,739
	<u>\$ 751,695</u>	<u>\$ 519,442</u>

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, 2020 and 2019 as follows:

	2020			
	Level 1	Level 2	Level 3	Total
Investments				
Cash	\$ 467,805	\$ -	\$ -	\$ 467,805
Corporate stock				
Financials	7,566	-	-	7,566
Consumer	8,406	-	-	8,406
Health care	18,816	-	-	18,816
Information technology	13,269	-	-	13,269
Total corporate stock	48,057	-	-	48,057
Foreign stock	533,651	-	-	533,651
Mutual funds				
Domestic equity funds	4,705,258	-	-	4,705,258
International funds	1,281,732	-	-	1,281,732
Total mutual funds	5,986,990	-	-	5,986,990
Fixed income funds	1,062,253	-	-	1,062,253
Time certificates of deposit	-	1,000,000	-	1,000,000
Beneficial interest in perpetual trusts	-	-	1,098,861	1,098,861
	<u>\$ 8,098,756</u>	<u>\$ 1,000,000</u>	<u>\$ 1,098,861</u>	<u>\$ 10,197,617</u>

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

	2019			
	Level 1	Level 2	Level 3	Total
Investments				
Cash	\$ 395,379	\$ -	\$ -	\$ 395,379
Government obligations				
U.S. government agencies	-	153,014	-	153,014
U.S. government mortgage	-	27,341	-	27,341
Municipal obligations	-	214,595	-	214,595
Total government obligations	-	394,950	-	394,950
Corporate stock				
Financials	6,202	-	-	6,202
Consumer	4,628	-	-	4,628
Energy	2,625	-	-	2,625
Healthcare	10,792	-	-	10,792
Total corporate stock	24,247	-	-	24,247
Foreign stock	279,533	-	-	279,533
Corporate bonds				
Financials	-	122,694	-	122,694
Energy	-	5,631	-	5,631
Information technology	-	50,886	-	50,886
Industrials	-	2,431	-	2,431
Other	-	55,720	-	55,720
Total corporate bonds	-	237,362	-	237,362
Foreign bonds	-	25,029	-	25,029
Mutual funds				
Domestic equity funds	4,607,101	-	-	4,607,101
International funds	1,329,659	-	-	1,329,659
Total mutual funds	5,936,760	-	-	5,936,760
Fixed income funds	441,883	-	-	441,883
Time certificates of deposit	-	1,000,000	-	1,000,000
Beneficial interest in perpetual trusts	-	-	1,029,310	1,029,310
	<u>\$ 7,077,802</u>	<u>\$ 1,657,341</u>	<u>\$ 1,029,310</u>	<u>\$ 9,764,453</u>

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

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, 2019	\$ 901,035
Sales and distributions	(166,032)
Purchases	93,343
Realized and unrealized losses, net	<u>200,964</u>
As of December 31, 2019	1,029,310
Sales and distributions	(113,500)
Purchases	44,921
Realized and unrealized losses, net	<u>138,130</u>
As of December 31, 2020	<u>\$ 1,098,861</u>

6. Grants and Other Receivables

At December 31, 2020 and 2019, grants and other receivables consisted of the following:

	2020	2019
Grant receivable from the U.S. Department of Housing and Urban Development	\$ 1,539,459	\$ 888,740
Receivable from ALEA Bridge	119,929	113,191
Receivable from State Department of Health	79,017	-
Due from United Way Statewide Association of Hawaii, net	13,758	-
Rent receivable and other	<u>245,140</u>	<u>240,002</u>
	<u>\$ 1,997,303</u>	<u>\$ 1,241,933</u>

7. 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.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

Community Service Center revenues and expenses during 2020 and 2019 included the following:

	2020	2019
Minimum rent income	\$ 810,711	\$ 765,625
Operating expense reimbursements	650,912	637,727
Parking rent	88,861	90,399
Rental income	<u>1,550,484</u>	<u>1,493,751</u>
Other income	54,992	49,946
	<u>1,605,476</u>	<u>1,543,697</u>
Less: Expenses		
Depreciation	151,511	150,084
Utilities	188,073	208,014
Repairs and maintenance	166,283	170,232
Janitorial, grounds and security	272,991	250,371
Commissions	52,490	40,438
Management fees	55,896	54,289
Insurance	31,902	35,627
Other expenses	100,120	113,993
	<u>1,019,266</u>	<u>1,023,048</u>
	<u>\$ 586,210</u>	<u>\$ 520,649</u>

Future minimum rental receipts under noncancelable operating lease agreements and commitments for office space as of December 31, 2020 are as follows:

Years ending	
2021	\$ 794,000
2022	759,000
2023	510,000
2024	439,000
2025	305,000
Thereafter	245,000
	<u>\$ 3,052,000</u>

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, 2020 and 2019 were as follows:

	2020	2019
Buildings and improvements	\$ 8,105,267	\$ 7,931,836
Less: Accumulated depreciation	(6,365,474)	(6,273,021)
	<u>\$ 1,739,793</u>	<u>\$ 1,658,815</u>

Aloha United Way, Inc.
 (A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

8. Net Assets with Donor Restrictions

Net assets with time restrictions consisted of campaign results for the next allocation period of \$3,350,441 and \$3,989,335 as of December 31, 2020 and 2019, respectively.

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

	2020	2019
Donor restricted endowments	\$ 2,409,239	\$ 2,107,281
Perpetual trusts	<u>1,098,861</u>	<u>1,029,310</u>
	<u>\$ 3,508,100</u>	<u>\$ 3,136,591</u>

9. 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 would be termed endowment funds under UPMIFA.

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, 2020 and 2019 consisted of donor-restricted endowment funds of \$1,718,407 included in net assets with donor restrictions.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

Changes in endowment net assets for the years ended December 31, 2020 and 2019 were as follows:

	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Total
Endowment net assets, January 1, 2019	\$ -	\$ 1,718,407	\$ 1,718,407
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>-</u>	<u>-</u>
Endowment net assets, December 31, 2019	<u>-</u>	<u>1,718,407</u>	<u>1,718,407</u>
Interest income	-	30,487	30,487
Appropriation of endowment earnings for expenditure	30,487	(30,487)	-
Expenditure of endowment earnings	<u>(30,487)</u>	<u>-</u>	<u>(30,487)</u>
Total change in endowment net assets	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, December 31, 2020	<u>\$ -</u>	<u>\$ 1,718,407</u>	<u>\$ 1,718,407</u>

10. Long-term Debt

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 April 2020, the Organization drew down \$1,000,000 under its line of credit to fund its new COVID-19 Rent and Utilities Assistance Program. At December 31, 2020, the balance outstanding was \$1,000,000 bearing interest at 2.40%. There were no amounts outstanding under the line at December 31, 2019.

In August 2021, the Organization paid down \$500,000 of the outstanding balance.

11. Paycheck Protection Program

In April 2020, the Organization was approved for a loan of \$552,795 under the U.S. Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") which originally matured in April 2022. Interest accrued at 1.00% and monthly payments of principal and interest were to commence in November 2020. All unpaid principal and interest were due at maturity unless forgiven.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2020 and 2019

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, 2020, the Organization estimated that it had incurred \$552,795 of qualifying expenses, determined that it has met the requirements for forgiveness, and has recognized \$552,795 of grant income.

In June 2021, the Organization received notice from its lender that the SBA has forgiven the Organization's initial PPP loan in its entirety.

In February 2021, the Organization was approved by the SBA for a second PPP loan of \$771,557 which matures in February 2026. Interest accrues at 1.00% and monthly payments of principal and interest are dependent on amounts forgiven by the SBA or another period authorized under the PPP. All unpaid principal and interest are due at maturity unless forgiven.

Supplemental Schedule

Aloha United Way, Inc.
(A Nonprofit Organization)
Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2020

808 Cleanups	\$ 1,824
AccessSurf Hawaii, Inc.	10,679
Adult Friends for Youth	16,737
After-School All-Stars Hawaii	12,619
Ahahui Koa Anuenue	5,000
Alliance for Drama Education	3,241
Aloha Harvest	47,565
Aloha Later	10,000
Aloha Medical Mission	32,749
Alzheimer’s Disease and Related Disorders Association, Inc.	73,511
American Cancer Society Inc.	54,887
American Civil Liberties Union of Hawaii Foundation	3,394
American Diabetes Association	34,232
American Heart Association	71,328
American National Red Cross	146,393
Armed Services YMCA of Honolulu	2,392
Arthritis Foundation Hawaii	6,128
Assets School	22,759
Ballet Hawaii	1,239
Best Buddies International Inc.	2,046
Big Brothers Big Sisters Hawaii	31,750
Big Brothers Big Sisters of Maui	1,123
Bishop Museum	5,423
Blood Bank Of Hawaii	5,215
Blue Planet Foundation	6,248
Bobby Benson Center	1,233
Boy Scouts of America – Aloha Council	49,122
Boys & Girls Club of Hawaii	29,712
Boys & Girls Club of Maui	1,678
Boys & Girls Club of the Big Island	5,254
Catholic Charities Hawaii	223,202
Center for Tomorrow’s Leaders	29,579
Chaminade University of Honolulu	16,500
Child & Family Service	22,482
Coalition For A Drug-Free Hawaii	2,384
Common Grace	7,246
Compassion For Cancer Caregivers	18,646
Council for Native Hawaiian Advancement	139,745
CrimeStoppers Honolulu Inc.	2,749
Damien Memorial School	6,287
Diamond Head Theatre	65,161
Disabled American Veterans (“DAV”) Charitable Service Trust	5,784
Domestic Violence Action Center	58,323
East West Center	6,000
Easter Seals Hawaii	19,688
Effective Planning and Innovative Communication Inc.	7,888
Epilepsy Foundation of Hawaii	6,230
Family Programs of Hawaii	16,162

(continued)

Aloha United Way, Inc.
(A Nonprofit Organization)
Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2020

Family Promise of Hawaii	43,304
Feed The Hunger Foundation	77,233
Filipino Community Center Inc.	5,000
Fisher House – Tripler Army Medical Center	16,168
Foundation for Maryknoll School	14,537
Franciscan Care Services	5,016
Frank Delima’s Student Enrichment Program Inc.	1,697
Friends of Challenger Center Hawaii, Inc.	1,136
Friends of the University of Hawaii Cancer Center	4,828
Friends of the Children’s Justice Center of Oahu	6,060
Friends of the Library of Hawaii	23,890
Friends of Youth Outreach Foundation dba Residential Youth Services & Empowerment (RYSE)	37,750
Girl Scouts of Hawaii	105,708
Global Fund for Children	3,000
Goodwill Industries of Hawaii, Inc.	157,114
Gregory House Programs	39,024
Guide Dogs of Hawaii	21,230
Habilitat, Inc.	1,919
Hale Kipa, Inc.	52,146
Halla Huhm Foundation	4,000
Hanahau’oli School	5,000
Hands of Hope	7,800
Hawaii 3RS	1,286
Hawaii 4-H Foundation	1,648
Hawaii Appleseed Center for Law and Economic Justice	7,204
Hawaii Association for the Education of Young Children	1,495
Hawaii Autism Foundation	6,474
Hawaii Book & Music Festival	1,469
Hawaii Branch of the International Dyslexia Association	2,135
Hawaii Children’s Action Network	84,948
Hawaii Children’s Cancer Foundation	38,923
Hawaii Community Foundation	10,000
Hawaii Council on Economic Education	11,400
Hawaii Dog Foundation	11,665
Hawaii Executive Collaborative	12,500
Hawaii Farm Bureau Foundation	10,000
Hawaii Fi-Do Service Dogs	15,199
Hawaii Foodbank	131,165
Hawaii Foodbank (Kauai)	1,398
Hawaii Health & Harm Reduction Center	14,740
Hawaii HomeOwnership Center	132,517
Hawaii International Child Placement & Family Services Inc.	2,745
Hawaii International Film Festival	4,000
Hawaii Island United Way	148,830
Hawaii Justice Foundation	1,492
Hawaii Lions Foundation	3,867
Hawaii Literacy	70,754

(continued)

Aloha United Way, Inc.
(A Nonprofit Organization)
Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2020

Hawaii Meals on Wheels, Inc.	123,674
Hawaii Mothers' Milk, Inc.	4,313
Hawaii Nature Center	4,810
Hawaii Opera Theatre	3,314
Hawaii Pacific University	5,393
Hawaii Performing Arts Co dba Manoa Valley Theatre	4,057
Hawaii Public Radio	14,623
Hawaii Public Television Foundation dba PBS Hawaii	24,455
Hawaii Speed and Quickness	4,117
Hawaii State Coalition Against Domestic Violence	1,685
Hawaii Symphony Orchestra Inc.	3,531
Hawaii Theatre Center	10,655
Hawaii Youth Opera Chorus	2,343
Hawaii Youth Symphony	8,952
Hawaiian Community Assets	187,947
Hawaiian Humane Society	155,259
Healthy Mothers Healthy Babies Coalition of Hawaii	2,174
Helping Hands Hawaii	102,165
Hina Mauka	15,964
Historic Hawai'i Foundation	4,755
Ho'ola Na Pua	110,516
Hoa Aina O Makaha	1,343
Honolulu Community Action Program Inc.	2,501
Honolulu Habitat for Humanity	79,149
Honolulu Museum of Art	3,437
Honolulu Police Community Foundation	10,661
Honolulu Professionals Foundation	7,500
Honolulu Theatre for Youth	14,050
Honpa Hongwanji Mission of Hawaii	5,929
Hospice of Hilo dba Hawaii Care Choices	1,086
HUGS ("Help, Understanding & Group Support")	20,841
Hui Malama O Ke Kai Foundation	25,054
Institute for Native Pacific Education and Culture	6,723
Iolani School	68,153
Jewish Community Services	2,757
Junior Achievement of Hawaii	1,418
Kalihi-Palama Health Center	1,138
KAMP Hawaii	3,001
Kapi'olani Health Foundation	33,967
Kauai United Way	57,995
KCAA PreSchools of Hawaii	18,902
Kick Start Karate	2,098
Kids Hurt Too Hawaii	2,388
Kokua Kalihi Valley Comprehensive Family Services	143,799
Korean Library Foundation	1,000
Ku Aloha Ola Mau	1,572
Kuakini Foundation	13,618
Kualoa-Heeia Ecumenical Youth KEY Project	1,536
Kupu	43,366

(continued)

Aloha United Way, Inc.
(A Nonprofit Organization)
Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2020

Lanakila Pacific	44,054
Lawakua Charitable	5,000
Le Jardin Academy	17,178
Leadership in Disabilities & Achievement of Hawaii	3,034
Legacy of Life Hawai'i	7,944
Legal Aid Society of Hawaii	10,416
Make A Wish Hawaii Inc	60,036
Malama Learning Center	1,592
Mandel School of Applied Sciences	1,000
Manoa Heritage Center	1,500
March of Dimes Foundation	4,641
Maui Food Bank	6,000
Maui United Way	127,770
Mental Health America of Hawaii	3,563
Mental Health Kokua	18,447
Mid-Pacific Institute	60,837
Mindful Living	5,000
Moiiliili Community Center	8,465
Montessori Community School	2,281
Mothers Against Drunk Driving	3,853
Mountain Valley Treatment Center	5,000
National Alliance on Mental Illness Hawaii	5,770
National Kidney Foundation of Hawaii	14,165
Nature Conservancy, Hawaii Program	24,421
Navian Hawaii	70,254
Navy Hale Keiki School	5,525
New Covenant Academy	6,000
New Hope Windward	26,000
Oahu Society for the Prevention of Cruelty of Animals	36,177
Olelo Community Television	1,605
Pacific and Asian Affairs Council	13,125
Pacific Forum International	1,000
Pacific Gateway Center	1,304
Palama Settlement	46,711
Pali Momi Foundation	15,629
Palolo Chinese Home	17,714
Parents and Children Together	99,540
Partners in Development Foundation	16,444
PATCH (People Attentive to Children)	4,104
Planned Parenthood of the Great Northwest and the Hawaiian Islands	30,008
Prevent Child Abuse Hawaii	3,341
Project Dana	44,825
Project Vision Hawaii	7,802
Punahou School	18,500
Rainbow School	4,000
Read To Me International Foundation	68,800
Reality Church of Honolulu	5,000
Rehabilitation Hospital of the Pacific Foundation	18,800

(continued)

Aloha United Way, Inc.
(A Nonprofit Organization)
Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2020

River of Life Mission	10,453
Roman Catholic Diocese	2,000
Ronald McDonald House Charities of Hawaii	23,478
Sacred Hearts Academy	2,235
Saint Louis School	51,565
Seagull Schools, Inc.	2,927
Shriners Hospitals for Children – Honolulu	16,227
Sjorgen’s Foundation	1,000
Soroptomist International	1,500
Special Education Center of Hawaii	3,509
Special Olympics Hawaii Inc.	69,025
St. Andrew’s Priory	10,000
St. Francis Community Health Services dba St. Francis Hospice	13,825
St. Francis Healthcare Foundation of Hawaii	22,602
St. Francis Hospice/The Sister Maureen Keleher Center	3,000
St. Patrick School	1,000
Straub Foundation	10,852
Surfing the Nations	2,000
Surfrider Spirit Sessions	1,423
Susan G. Komen Breast Cancer Foundation	138,453
Susannah Wesley Community Center	19,999
Sutter Health Pacific dba Kahi Mohala	1,954
Tax Foundation of Hawaii	1,192
Teach for America Hawai’i	35,266
The ALS Association Golden West Chapter	1,025
The Arc in Hawaii	8,022
The Compassionate Friends Inc. Honolulu Chapter	1,722
The Early School	2,500
The First Tee of Hawaii	2,000
The Food Basket – Hawaii Island’s Food Bank	5,337
The Institute for Human Services, Inc. (“IHS”)	94,184
The Leahi-Maluhia Foundation Inc.	1,909
The Legal Clinic	5,000
The Liljestrand House	1,000
The Mediation Center of the Pacific, Inc.	26,693
The Newman Center	2,500
The Pantry by Feeding Hawaii Together	12,489
The Salvation Army Hawaiian & Pacific Islands Division	73,516
The Toddler Program	2,192
The Trust for Public Land	2,500
Touch a Heart Inc.	13,054
United Cerebral Palsy Association of Hawaii	5,180
United Church of Christ – Judd Street	1,000
United Service Organizations Inc.	4,619
United States Veterans Initiative	21,273
University of Hawaii Foundation	95,564
U.S. Japan Council	35,547
Variety School of Hawaii	5,440

(continued)

Aloha United Way, Inc.
(A Nonprofit Organization)
Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2020

Visitor Aloha Society of Hawaii	2,125
Volunteer Legal Services Hawaii	3,401
Waianae District Comprehensive Health and Hospital Board Inc.	62,058
Waikiki Community Center	82,096
Waikiki Health	37,843
Waimanalo Health Center	39,797
Wild Bird Rehab Haven	1,088
Women in Need Win	39,063
Women Speaking Out	3,000
YMCA of Honolulu	35,333
Young Life Oahu	2,599
Youth for Christ USA Inc.	4,172
Youth Service Hawaii	1,756
YWCA of O'ahu	42,279
Other	67,049
	<u>\$ 6,378,220</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, 2020

Federal Agency / Program Title	Federal CFDA 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		\$ 4,737,403	\$ 4,083,058
Pass-through from the State of Hawaii, Department of Hawaiian Homelands				
COVID-19 – Native Hawaiian Housing Block Grants	14.873	68690	<u>1,123,487</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>5,860,890</u>	<u>4,083,058</u>
U.S. Department of Treasury				
Pass-through from the City and County of Honolulu, Department of Community Services				
COVID-19 – Coronavirus Relief Fund	21.019	PO-DCS-2000277	3,260,456	-
Pass-through from the State of Hawaii, Hawaii Housing Finance and Development Corporation				
COVID-19 – Coronavirus Relief Fund	21.019	PECB 21-02	23,230,426	-
Pass-through from Hawaii Community Foundation				
COVID-19 – Coronavirus Relief Fund	21.019	20HCF-103914	<u>407,056</u>	<u>-</u>
Total U.S. Department of Treasury			<u>26,897,938</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 32,758,828</u>	<u>\$ 4,083,058</u>

Aloha United Way, Inc.

(A Nonprofit Organization)

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

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-percent 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.

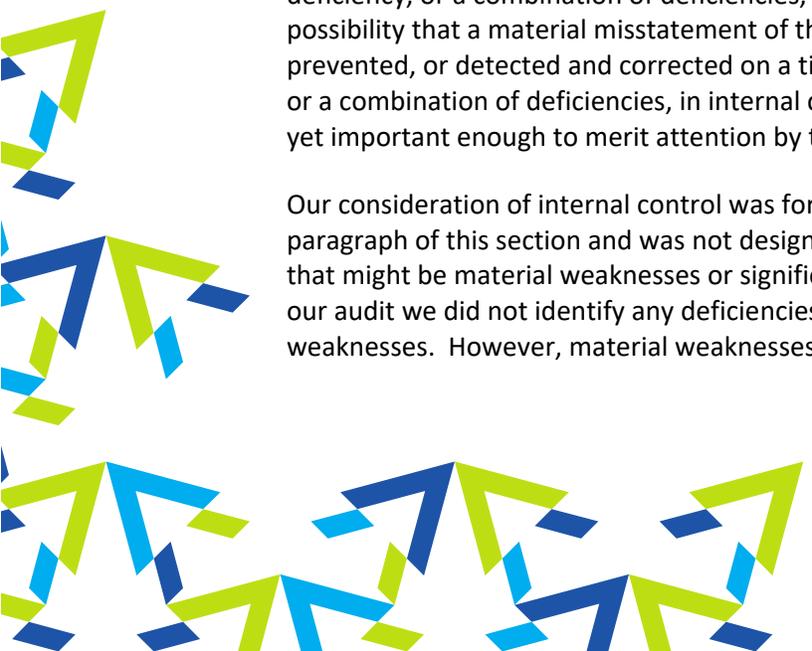
We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Aloha United Way, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2020, 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 October 14, 2021.

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.





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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
October 14, 2021



**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

We have audited the 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 each of the Organization's major federal programs for the year ended December 31, 2020. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 General 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

999 Bishop Street
Suite 1900
Honolulu, HI 96813

OFFICE 808.531.3400
FAX 808.531.3433
accuityllp.com



Opinion on Each Major Federal Program

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 each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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
October 14, 2021

Schedule of Findings and Questioned Costs

Aloha United Way, Inc.
 (A Nonprofit Organization)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

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> </u> yes	<u> X </u> no

Identification of major programs

Name of Federal Program or Cluster	CFDA Number
COVID-19 – Native Hawaiian Housing Block Grants	14.873
COVID-19 – Coronavirus Relief Fund	20.019

Dollar threshold used to distinguish between type A and type B programs	\$982,765
---	-----------

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, 2020

Section II – Financial Statement Findings

None noted.

Aloha United Way, Inc.
(A Nonprofit Organization)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section III – Federal Award Findings and Questioned Costs

None noted.