

Aloha United Way, Inc.

(A Nonprofit Organization)

**Financial and Compliance Audit
December 31, 2019 and 2018**

Aloha United Way, Inc.
(A Nonprofit Organization)
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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, 2019 and 2018, 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. 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.

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, 2019 and 2018, 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, 2019 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 November 24, 2020 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.

Emphasis of Matter – Subsequent Events

As discussed in Note 2 to the financial statements, the Organization's operations may be affected by the ongoing outbreak of Coronavirus Disease 2019 ("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. Our opinion is not modified with respect to that matter.

The logo for Accuity LLP, featuring the word "Accuity" in a stylized, cursive script followed by "LLP" in a bold, sans-serif font.

Honolulu, Hawaii
November 24, 2020

Aloha United Way, Inc.
(A Nonprofit Organization)
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 2,381,338	\$ 2,340,129
Investments	6,611,312	6,953,905
Pledges receivable, net of allowance of \$692,896 and \$695,960 in 2019 and 2018, respectively	3,035,146	3,513,682
Grants and other receivables	1,241,933	1,115,223
Prepaid expenses and other	92,524	63,882
Total current assets	<u>13,362,253</u>	<u>13,986,821</u>
Endowments and charitable gift annuities	2,123,831	1,957,956
Cash and time certificates of deposit held by third party	828,475	840,174
Beneficial interest in perpetual trusts	1,029,310	901,035
Other assets	201,876	199,141
Property and equipment		
Land	191,000	191,000
Building and improvements	11,081,008	10,843,400
Furniture, fixtures and equipment	796,495	789,188
Total	<u>12,068,503</u>	<u>11,823,588</u>
Less: Accumulated depreciation	<u>(9,367,027)</u>	<u>(9,071,266)</u>
Property and equipment, net	<u>2,701,476</u>	<u>2,752,322</u>
Total assets	<u>\$ 20,247,221</u>	<u>\$ 20,637,449</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,768,125	\$ 1,521,582
Due to designated agencies	<u>2,501,471</u>	<u>3,004,966</u>
Total current liabilities	4,269,596	4,526,548
Annuities payable, noncurrent	<u>49,988</u>	<u>53,840</u>
Total liabilities	<u>4,319,584</u>	<u>4,580,388</u>
Net assets		
Without donor restrictions		
Invested in property and equipment, net	2,701,476	2,752,322
Board-Designated Operating Reserve Fund	4,100,235	4,019,795
Undesignated	<u>2,000,000</u>	<u>2,000,000</u>
Total net assets without donor restrictions	8,801,711	8,772,117
With donor restrictions	<u>7,125,926</u>	<u>7,284,944</u>
Total net assets	<u>15,927,637</u>	<u>16,057,061</u>
Total liabilities and net assets	<u>\$ 20,247,221</u>	<u>\$ 20,637,449</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, 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)
Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Campaign revenue			
Current year campaign contributions	\$ -	\$ 7,669,125	\$ 7,669,125
Prior year campaign contributions (released from restrictions)	7,028,321	(7,028,321)	-
Prior years' campaign contributions received in current year	<u>1,529,238</u>	<u>-</u>	<u>1,529,238</u>
Gross campaign results	8,557,559	640,804	9,198,363
Less: Donor designations – current year campaign	-	(3,320,147)	(3,320,147)
Less: Donor designations – prior year campaign	(3,706,379)	2,909,405	(796,974)
Less: Provision for uncollectible pledges – current year campaign	-	(311,755)	(311,755)
Less: Provision for uncollectible pledges – prior year campaigns	<u>(603,596)</u>	<u>308,645</u>	<u>(294,951)</u>
Net campaign revenue	4,247,584	226,952	4,474,536
Grant income	4,551,917	-	4,551,917
Bequests	204,924	-	204,924
Fiscal agent revenue	1,039,397	-	1,039,397
In-kind contributions	488,878	-	488,878
Investment income	465,522	-	465,522
Building income, net	487,024	-	487,024
Change in value of Board-Designated Operating Reserve Fund investments	(735,657)	-	(735,657)
Change in value of charitable trusts and other permanently restricted investments	-	(161,296)	(161,296)
Other income	<u>248,527</u>	<u>-</u>	<u>248,527</u>
Total revenues and support	<u>10,998,116</u>	<u>65,656</u>	<u>11,063,772</u>
Allocations and other functional expenses			
Gross funds allocated to agencies	7,598,091	-	7,598,091
Less: Donor designations	<u>(4,614,749)</u>	<u>-</u>	<u>(4,614,749)</u>
Net funds allocated to agencies	2,983,342	-	2,983,342
Functional expenses			
Program services	6,563,942	-	6,563,942
Management and general	1,287,258	-	1,287,258
Fundraising	<u>1,650,723</u>	<u>-</u>	<u>1,650,723</u>
Total functional expenses	<u>9,501,923</u>	<u>-</u>	<u>9,501,923</u>
Total allocations and expenses	<u>12,485,265</u>	<u>-</u>	<u>12,485,265</u>
Change in net assets	(1,487,149)	65,656	(1,421,493)
Net assets			
Beginning of year	<u>10,259,266</u>	<u>7,219,288</u>	<u>17,478,554</u>
End of year	<u>\$ 8,772,117</u>	<u>\$ 7,284,944</u>	<u>\$ 16,057,061</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, 2019 and 2018

	Program Services			Management and General	Fundraising	Total
	Member Agency Services	Other Program Services	Total			
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
2018						
Salaries	\$ 630,066	\$ 219,785	\$ 849,851	\$ 621,647	\$ 638,387	\$ 2,109,885
Employee benefits	104,349	73,310	177,659	143,859	114,134	435,652
Payroll taxes	55,219	20,168	75,387	55,735	56,512	187,634
Total salaries and related expenses	789,634	313,263	1,102,897	821,241	809,033	2,733,171
Professional fees and contract services	4,826,950	197,574	5,024,524	290,908	285,179	5,600,611
Media, printing and publications	60,832	93,793	154,625	8,060	320,339	483,024
Depreciation	31,226	22,303	53,529	54,197	46,087	153,813
National dues	36,348	20,566	56,914	34,450	36,039	127,403
Conferences, conventions and meetings	10,051	45,141	55,192	9,974	82,750	147,916
Telephone	4,051	18,011	22,062	4,604	8,286	34,952
Supplies	18,856	4,694	23,550	7,520	13,470	44,540
Equipment rental and maintenance	22,623	12,013	34,636	12,367	10,515	57,518
Postage and shipping	348	4,027	4,375	3,952	7,895	16,222
Travel	11,561	6,350	17,911	19,643	20,907	58,461
Other	3,658	10,069	13,727	20,342	10,223	44,292
Total expenses	\$ 5,816,138	\$ 747,804	\$ 6,563,942	\$ 1,287,258	\$ 1,650,723	\$ 9,501,923

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, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ (129,424)	\$ (1,421,493)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	302,368	282,091
Net unrealized and realized losses (gains) on investments	(835,539)	285,285
Change in value of charitable trusts	(165,878)	128,980
Change in operating assets and liabilities		
Pledges receivable	478,536	243,361
Accounts receivable	(126,710)	(900,392)
Prepaid expenses and other	(28,642)	215,477
Accounts payable and accrued expenses	246,543	813,631
Due to designated agencies	(503,495)	214,830
Net cash used in operating activities	<u>(762,241)</u>	<u>(138,230)</u>
Cash flows from investing activities		
Purchase of property and equipment	(251,523)	(619,027)
Purchases of investments	(5,995,018)	(2,690,295)
Proceeds from sale or maturity of investments	7,173,150	3,097,662
Net change in cash and time certificates of deposit held by third party	11,699	21,212
Net change in investments	<u>(128,478)</u>	<u>32,210</u>
Net cash provided by (used in) investing activities	<u>809,830</u>	<u>(158,238)</u>
Cash flows from financing activities		
Charitable gift annuities	<u>(6,380)</u>	<u>(6,380)</u>
Net cash used in financing activities	<u>(6,380)</u>	<u>(6,380)</u>
Net increase (decrease) in cash and cash equivalents	41,209	(302,848)
Cash and cash equivalents		
Beginning of year	<u>2,340,129</u>	<u>2,642,977</u>
End of year	<u>\$ 2,381,338</u>	<u>\$ 2,340,129</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, 2019 and 2018

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 almost 100 years to address the greatest needs in our community. The Organization has evolved to meet the changing face of donors and 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 2019, the Organization supported over 318 independent agencies, a good portion 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, including grants whereby unspent proceeds must be returned to the grantor, 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, 2019 and 2018, the amount due to designated agencies was approximately \$2,501,000 and \$3,005,000, respectively.

In 2019, the Organization adopted Financial Accounting Standards Board Accounting Standards Update (“ASU”) No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Among other changes, ASU No. 2018-08 clarifies the process of (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional or unconditional. The financial impact of adopting this ASU was not significant.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2019 and 2018

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 2019 and 2018, the Organization maintained its federation for the Combined Federal Campaign consisting of 60 and 61 agencies, respectively. From the 2019 and 2018 campaigns, \$19,981 and \$31,343, respectively, was designated for the Organization, while \$593,724 and \$674,189, 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 \$137,098 and \$139,665 for the 2019 and 2018 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 over the past five to seven years, adjusted for management's estimates of current economic factors, applied to gross campaigns, including donor designations.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2019 and 2018

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, 2019 and 2018.

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 charged to the property accounts while replacements, maintenance and repairs that do not extend the lives of assets are charged to operations. 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 credited or charged to income. 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, as well as an emergency reserve to assist the Oahu community to rebuild and recover in the event of a natural or man-made disaster.

Impact Allocations

Based on feedback from the community, the Organization identified three issues of most concern where it could make the largest impact in sustaining the community. These impact issues include education, poverty prevention, and safety net services. Of the \$7,033,467 and \$7,598,092 in allocations made to the agencies during the years ended December 31, 2019 and 2018, as provided in the supplemental schedule, the Organization directed \$2,523,550 and \$2,157,885, respectively, toward impact issue areas.

Aloha United Way, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2019 and 2018

The community has asked the Organization to respond to the needs of its kupuna by supporting them as they age, especially as the number of seniors in Hawaii grows larger every year. The Organization's Active Aging Initiative provides early support to seniors to help them maintain their independence and quality of life so that they are well-equipped and confident to age in place for as long as possible. The Organization allocated \$533,938 to its Active Aging Initiative in 2018. There were no allocations to this initiative in 2019.

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 \$1,520,000 to its ALICE Project in 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 to homeless individuals, families and communities 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 ("PSH"), CoC Planning Activities, Homeless Management Information System ("HMIS"), and Coordinated Entry System ("CES").

CoC grant revenues and related expenses are recognized upon disbursement of funds for allowable expenditures or upon distribution to subrecipients. Of the \$5,979,017 granted by HUD, \$5,142,345 was expended and earned in 2019.

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.

Fiscal Agent Revenue

The Organization serves as fiscal agent for certain 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, 2019 and 2018, the Organization included \$71,348 and \$85,360, respectively, as in-kind contribution revenue and in-kind program services expense.

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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, 2019 and 2018, 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, 2016 through 2019.

Employee Benefit Plan

The Organization created a defined contribution plan effective June 1, 2012 covering substantially all employees. For the years ended December 31, 2019 and 2018, contributions made to the plan by the Organization were \$65,872 and \$67,400, 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 \$404,000 and \$305,000 for the years ended December 31, 2019 and 2018, 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 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

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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 2018 financial statements have been reclassified to conform to the 2019 presentation. Such reclassifications had no effect on the net assets or change in net assets as previously reported.

Subsequent Events

Management has reviewed all events that have occurred from January 1, 2020 through November 24, 2020, the date that the financial statements were available for issuance, for proper accounting and disclosure in the financial statements.

The Organization's operations may be affected by the ongoing outbreak of Coronavirus Disease 2019 ("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.

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

In March 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law by the Federal government to make funds available to individuals, businesses, and state and local governments impacted by the COVID-19 crisis. In April 2020, the Organization was awarded \$7,000,000 in CARES Act funds from the Department of Hawaiian Home Lands ("DHHL") under the DHHL COVID-19 Emergency Rental Assistance Program to provide security deposit and rental assistance for Native Hawaiian beneficiaries affected by the COVID-19 pandemic.

In May 2020, the Organization was awarded \$5,000,000 in CARES Act funds from the City and County of Honolulu under the Household Hardship Relief Fund Program to provide economic support to households suffering from employment or business interruptions due to COVID-19 related business closures. In September 2020, the Organization was awarded an additional \$3,000,000 under this program, bringing the total award amount to \$8,000,000.

In August 2020, the Organization was awarded \$19,800,000 in CARES Act funds from the Hawaii Housing Finance Development Corporation ("HHFDC") under the Rent Relief & Housing Assistance Program to provide rent relief and housing assistance for eligible households in Hawaii that have been impacted by the COVID-19 pandemic. In September 2020, the Organization was awarded an additional \$20,000,000 under this program, bringing the total award amount to \$39,800,000. As of November 24, 2020, the Organization has received \$30,000,000 of the \$39,800,000 from HHFDC.

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3. Availability of Financial Assets

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

Cash and equivalents	\$ 2,381,338
Accounts receivable	1,241,933
Pledges receivable	3,035,146
BDORF investments	<u>6,611,312</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 13,269,729</u>

The Organization's operations and grant funding is 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 which is collateralized by a portion of the BDORF investments.

4. Investments

The Organization's investments at December 31, 2019 and 2018 consisted of the following:

	2019	2018
Cash	\$ 318,354	\$ 628,455
Government obligations	394,950	839,614
Corporate and foreign stock	303,780	-
Corporate and foreign bonds	262,391	599,124
Mutual and fixed income funds	<u>5,331,837</u>	<u>4,886,712</u>
	<u>\$ 6,611,312</u>	<u>\$ 6,953,905</u>

At December 31, 2019 and 2018, noncurrent investments consisted of the following:

	2019	2018
Cash	\$ 77,025	\$ 65,378
Restricted certificate of deposit, with interest of 3.00% at December 31, 2019 and 2018	1,000,000	1,000,000
Mutual and fixed income funds	<u>1,046,806</u>	<u>892,578</u>
	<u>\$ 2,123,831</u>	<u>\$ 1,957,956</u>

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Investment income in 2019 and 2018 consisted of the following:

	2019	2018
Investment gain (loss)	\$ (543,297)	\$ 1,009,981
Unrealized and realized gains (losses), net	<u>1,062,739</u>	<u>(544,459)</u>
	<u>\$ 519,442</u>	<u>\$ 465,522</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, 2019 and 2018 as follows:

	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
Health care	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>

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	2018			Total
	Level 1	Level 2	Level 3	
Investments				
Cash	\$ 693,833	\$ -	\$ -	\$ 693,833
Government obligations				
U.S. Treasury obligations	-	243,781	-	243,781
U.S. government agencies	-	148,328	-	148,328
U.S. government mortgage	-	174,714	-	174,714
Municipal obligations	-	272,791	-	272,791
Total government obligations	-	839,614	-	839,614
Corporate bonds				
Financials	-	206,564	-	206,564
Consumer	-	53,213	-	53,213
Energy	-	20,699	-	20,699
Healthcare	-	22,605	-	22,605
Information technology	-	112,952	-	112,952
Industrials	-	15,898	-	15,898
Other	-	88,743	-	88,743
Total corporate bonds	-	520,674	-	520,674
Foreign bonds	-	78,450	-	78,450
Mutual funds				
Domestic equity funds	2,602,262	-	-	2,602,262
International funds	2,753,539	-	-	2,753,539
Total mutual funds	5,355,801	-	-	5,355,801
Fixed income funds	423,489	-	-	423,489
Time certificates of deposit	-	1,000,000	-	1,000,000
Beneficial interest in perpetual trusts	-	-	901,035	901,035
	<u>\$ 6,473,123</u>	<u>\$ 2,438,738</u>	<u>\$ 901,035</u>	<u>\$ 9,812,896</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, 2018	\$ 1,019,310
Sales and distributions	(215,927)
Purchases	102,859
Realized and unrealized losses, net	(5,207)
As of December 31, 2018	<u>901,035</u>
Sales and distributions	(166,032)
Purchases	93,343
Realized and unrealized losses, net	200,964
As of December 31, 2019	<u>\$ 1,029,310</u>

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December 31, 2019 and 2018

6. Grants and Other Receivables

At December 31, 2019 and 2018, grants and other receivables consisted of the following:

	2019	2018
Grant receivable from the U.S. Department of Housing and Urban Development	\$ 888,740	\$ 751,966
Receivable from ALEA Bridge	113,191	247,164
Rent receivable and other	<u>240,002</u>	<u>116,093</u>
	<u>\$ 1,241,933</u>	<u>\$ 1,115,223</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.

Community Service Center revenues and expenses during 2019 and 2018 included the following:

	2019	2018
Minimum rent income	\$ 765,625	\$ 734,574
Operating expense reimbursements	637,727	604,993
Parking rent	<u>90,399</u>	<u>85,466</u>
Rental income	1,493,751	1,425,033
Other income	<u>49,946</u>	<u>26,361</u>
	1,543,697	1,451,394
Less: Expenses		
Depreciation	150,084	121,671
Utilities	208,014	219,134
Repairs and maintenance	170,232	180,927
Janitorial, grounds and security	250,371	225,560
Commissions	40,438	77,733
Management fees	54,289	52,670
Insurance	35,627	34,720
Other expenses	<u>113,993</u>	<u>51,956</u>
	<u>1,023,048</u>	<u>964,370</u>
	<u>\$ 520,649</u>	<u>\$ 487,024</u>

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Future minimum rental receipts under noncancelable operating lease agreements and commitments for office space as of December 31, 2019 are as follows:

Years ending	
2020	\$ 682,000
2021	485,000
2022	471,000
2023	261,000
2024	198,000
Thereafter	<u>410,000</u>
	<u>\$ 2,507,000</u>

The cost and accumulated depreciation related to the property the Organization leases or has available to lease, based on square footage usage, as of December 31, 2019 and 2018 were as follows:

	2019	2018
Buildings and improvements	\$ 7,931,836	\$ 7,509,031
Less: Accumulated depreciation	<u>(6,273,021)</u>	<u>(5,923,574)</u>
	<u>\$ 1,658,815</u>	<u>\$ 1,585,457</u>

8. Net Assets with Donor Restrictions

Net assets with time restrictions consisted of campaign results for the next allocation period of \$3,989,335 and \$4,432,280 as of December 31, 2019 and 2018, respectively.

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

	2019	2018
Donor restricted endowments	\$ 2,107,281	\$ 1,951,629
Perpetual trusts	<u>1,029,310</u>	<u>901,035</u>
	<u>\$ 3,136,591</u>	<u>\$ 2,852,664</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.

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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, 2019 and 2018 consisted of donor-restricted endowment funds of \$1,718,407 included in net assets with donor restrictions.

Changes in endowment net assets for the years ended December 31, 2019 and 2018 were as follows:

	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Total
Endowment net assets, January 1, 2018	\$ -	\$ 1,718,407	\$ 1,718,407
Interest income	-	13,297	13,297
Appropriation of endowment earnings for expenditure	13,297	(13,297)	-
Expenditure of endowment earnings	<u>(13,297)</u>	<u>-</u>	<u>(13,297)</u>
Total change in endowment net assets	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, December 31, 2018	<u>-</u>	<u>1,718,407</u>	<u>1,718,407</u>
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>

10. Commitments

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. Management does not intend to draw funds from the account unless an emergency situation were to arise.

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.

Supplemental Schedule

Aloha United Way, Inc.
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Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2019

AccessSurf Hawaii, Inc.	\$	17,320
Adult Friends for Youth		20,710
After-School All-Stars Hawaii		19,196
AIO Foundation		7,500
ALEA Bridge		1,358
Alliance for Drama Education		2,433
Aloha Harvest		65,052
Aloha Medical Mission		63,835
Alzheimer's Disease and Related Disorders Association, Inc.		89,279
American Cancer Society Inc.		76,878
American Diabetes Association		47,694
American Heart Association		81,742
American Red Cross		117,911
Armed Services YMCA		15,190
Arthritis Foundation Hawaii		12,119
ASSETS School		57,542
Assistive Technology Resource Centers of Hawaii		1,123
Ballet Hawaii		2,577
Big Brothers Big Sisters Hawaii		37,718
Blood Bank of Hawaii		9,849
Blue Planet Foundation		9,780
Bobby Benson Center		2,071
Boy Scouts of America – Aloha Council		57,198
Boys & Girls Club of Hawaii		55,349
Boys & Girls Club of Maui		1,744
Catholic Charities Hawaii		230,735
Center for Tomorrow's Leaders		11,901
Chaminade University of Honolulu		51,750
Child & Family Service		114,755
Children of Fallen Patriots Foundation		5,000
Coalition for a Drug-Free Hawaii		5,409
Coalition for a Tobacco-Free Hawaii		1,112
Common Grace		4,928
Community Health Outreach Work to Prevent AIDS		2,368
Council for Native Hawaiian Advancement		221,951
CrimeStoppers Honolulu Inc.		2,745
Damien Memorial School		7,789
Department of Education		11,104
Diamond Head Theatre		74,351
Disabled American Veterans ("DAV") Charitable Service Trust		5,117
Domestic Violence Action Center		23,194
East West Center		5,000
Easter Seals Hawaii		21,870
Effective Planning and Innovative Communication Inc.		1,554
Epilepsy Foundation of Hawaii		6,259
Family Programs Hawaii		8,488
Family Promise of Hawaii		66,599
Farrington Alumni and Community Foundation		1,000

(continued)

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Year Ended December 31, 2019

Feed The Hunger Foundation	102,467
Feeding Hawaii Together	2,462
Filipino Community Center Inc.	5,000
Fisher House – Tripler Army Medical Center	11,079
Franciscan Care Services	5,708
Frank Delima’s Student Enrichment Program Inc.	3,429
Friends of Hawaii Charities Inc.	3,000
Friends of the Cancer Research Center of Hawaii	5,442
Friends of the Children’s Justice Center of Oahu	8,212
Friends of the Library of Hawaii	21,103
Friends of Youth Outreach Foundation dba RYSE	50,000
Fund for the Pacific Century	5,000
Girl Scouts of Hawaii	22,606
Global Fund for Children	3,000
Goodwill Industries of Hawaii, Inc.	264,040
Gregory House Programs	24,242
Guide Dogs of Hawaii	17,349
Habilitat, Inc.	13,963
Habitat for Humanity West Hawaii, Inc.	1,621
Hale Kipa, Inc.	96,611
Halla Huhm Foundation	4,000
Hanahau’oli School	11,000
Hands of Hope	2,340
Hawaii 3RS	7,514
Hawaii 4-H Foundation	3,134
Hawaii Academy of Science	2,000
Hawaii Alliance for Arts in Education	1,170
Hawaii Appleseed Center for Law and Economic Justice	12,074
Hawaii Autism Foundation	7,135
Hawaii Book & Music Festival	22,585
Hawaii Branch of the International Dyslexia Association	3,226
Hawaii Children’s Action Network	151,564
Hawaii Children’s Cancer Foundation	35,837
Hawaii Community Foundation	12,500
Hawaii Conservation Alliance Foundation	1,089
Hawaii Council on Economic Education	9,640
Hawaii Dog Foundation	21,804
Hawaii Fi-Do Service Dogs	12,647
Hawaii Foodbank	129,391
Hawaii Foodbank (Kauai)	1,541
Hawaii HomeOwnership Center	150,392
Hawaii International Child Placement & Family Services Inc.	3,106
Hawaii International Film Festival	2,500
Hawaii Island United Way	21,888
Hawaii Justice Foundation	1,161
Hawaii Lions Foundation	18,894
Hawaii Literacy	32,670
Hawaii Meals on Wheels, Inc.	131,244

(continued)

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Year Ended December 31, 2019

Hawaii Mothers' Milk, Inc.	5,861
Hawaii Nature Center	7,236
Hawaii Opera Theatre	3,884
Hawaii Pacific University	4,063
Hawaii Performing Arts Company Ltd.	4,101
Hawaii Public Radio	3,000
Hawaii Public Television Foundation dba PBS Hawaii	27,265
Hawaii Speed and Quickness	4,508
Hawaii State Coalition Against Domestic Violence	1,041
Hawaii Theatre Center	5,184
Hawaii Women's Legal Foundation	2,500
Hawaii Youth Opera Chorus	3,510
Hawaii Youth Symphony	19,296
Hawaiian Community Assets	352,401
Hawaiian Humane Society	158,640
Healthy Mothers Healthy Babies Coalition of Hawaii	2,921
Helping Hands Hawaii	178,360
Hina Mauka	15,165
Historic Hawai'i Foundation	7,384
Hoa Aina O Makaha	26,666
Honolulu Biennial Foundation	5,000
Honolulu Community Action Program Inc.	3,045
Honolulu Habitat for Humanity	101,483
Honolulu Japanese Chamber of Commerce Charitable Corporation	6,300
Honolulu Museum of Art	6,614
Honolulu Police Community Foundation	10,816
Honolulu Theatre for Youth	11,860
Honpa Hongwanji Mission of Hawaii	5,677
Ho'ola Na Pua	43,534
Hospice Hawaii Inc.	70,712
Hospice of Hilo	1,688
HUGS (Help, Understanding & Group Support)	31,250
Hui Malama O Ke Kai Foundation	1,372
Iolani School	52,777
Island Pacific Academy	3,252
Japanese Cultural Center of Hawai'i	2,121
Jewish Community Services	3,646
Junior Achievement of Hawaii	16,017
Kahi Mohala	3,695
Kalihi-Palama Health Center	9,474
KAMP Hawaii	2,480
Kapi'olani Health Foundation	42,708
Kauai United Way	10,580
Kick Start Karate	1,202
Kokua Kalihi Valley Comprehensive Family Services	151,176
Korean Library Foundation	1,000
Ku Aloha Ola Mau	2,688
Kuakini Foundation	11,416

(continued)

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Year Ended December 31, 2019

Kualoa-Heeia Ecumenical Youth Project	2,446
Kupu	18,302
KCAA Preschools of Hawaii	21,909
Lanakila Pacific Meals on Wheels	17,862
Le Jardin Academy	17,518
Leadership in Disabilities & Achievement of Hawaii	22,197
Legacy of Life Hawai'i	7,521
Legal Aid Society of Hawaii	6,335
Life Foundation	9,606
Living the Word Project D.A.T.E.	2,264
Make A Wish Hawaii Inc	65,618
Malama Learning Center	32,341
Mandel School of Applied Sciences	1,000
Manoa Valley Theatre	6,000
March of Dimes Foundation	29,134
Maryknoll School	5,000
Maui United Way	11,461
Mental Health America of Hawaii	5,547
Mental Health Kokua	3,746
Mid-Pacific Institute	25,258
Moiiliili Community Center	7,998
Montessori Community School	1,194
Mothers Against Drunk Driving	2,792
Na Kama Kai	2,000
Na Wahine Pa'ani 'O Punahou	5,000
National Alliance on Mental Illness Hawaii	4,387
National Kidney Foundation of Hawaii	12,793
Nature Conservancy	43,900
Navy Hale Keiki School	6,009
New Covenant Academy	5,000
New Hope Windward	10,000
Oahu Society for the Prevention of Cruelty of Animals	40,884
Pacific and Asian Affairs Council	18,220
Pacific Forum (Center for Strategic & International Studies)	1,000
Pacific Gateway Center	2,045
Palama Settlement	13,274
Pali Momi Foundation	4,243
Palolo Chinese Home	21,194
Parents and Children Together	240,818
Partners in Care	1,494
Partners in Development Foundation	24,677
PATCH (People Attentive to Children)	11,065
Planned Parenthood of Hawaii (Maui)	1,223
Planned Parenthood of the Great Northwest and the Hawaiian Islands	39,964
Positive Coaching Alliance	4,645
Prevent Child Abuse Hawaii	4,417

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Aloha United Way, Inc.
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Year Ended December 31, 2019

Project Dana	54,952
Project Vision Hawaii	25,100
Punahou School	17,000
Queen's Medical Center	10,000
Rehabilitation Hospital of the Pacific	34,749
Residential Youth Services and Empowerment	3,000
Re-use Hawaii	2,754
River of Life Mission	11,809
Roman Catholic Diocese	5,000
Ronald McDonald House Charities of Hawaii	25,125
Sacred Hearts Academy	1,006
Saint Louis School	38,171
Shriner's Hospitals for Children	24,913
Soroptomist International	1,500
Special Education Center of Hawaii	2,588
Special Olympics Hawaii Inc.	80,751
St. Andrew's Priory and Prep	5,000
St. Francis Healthcare Foundation of Hawaii	51,158
Straub Foundation	17,620
Surfing the Nations	2,000
Susan G. Komen Breast Cancer Foundation	6,587
Susannah Wesley Community Center	44,006
Tax Foundation of Hawaii	2,143
Teach for America Hawai'i	77,990
The ALS Association Golden West Chapter	1,574
The Arc in Hawaii	14,940
The Compassionate Friends Inc. Honolulu Chapter	2,198
The Early School	3,633
The First Tee of Hawaii	4,920
The Food Basket – Hawaii Island's Food Bank	2,375
The Gift Foundation of Hawaii	1,000
The Institute for Human Services, Inc. ("IHS")	141,766
The Leahi-Maluhia Foundation Inc.	1,860
The Legal Clinic	5,000
The Liljestrand House	1,000
The Mediation Center of the Pacific, Inc.	53,052
The Newman Center	2,000
The Salvation Army Hawaiian & Pacific Islands Division	75,153
The Toddler Program	3,690
United Cerebral Palsy Association of Hawaii	5,821
United Church of Christ Transition House	8,884
United Service Organizations Inc.	5,884
United States Veterans Initiative	44,342
University of Hawaii Foundation	72,982
Variety School of Hawaii	4,793
Visitor Aloha Society of Hawaii	2,108
Voices of Aloha	1,000
Volunteer Legal Services Hawaii	7,067

(continued)

Aloha United Way, Inc.
(A Nonprofit Organization)
Supplemental Schedule of Allocations to Agencies
Year Ended December 31, 2019

Waianae Community Re-Development Corporation	10,000
Waianae District Comprehensive Health and Hospital Board Inc.	77,576
Waikiki Community Center	103,720
Waikiki Health	73,947
Waimanalo Health Center	25,357
Wild Bird Rehab Haven	2,882
Women in Need Win	2,334
YMCA – Kaimuki-Waialae Branch	1,000
YMCA of Honolulu	111,561
Young Life Oahu	2,707
Young Women’s Christian Association of Oahu	20,270
Youth for Christ Hawaii	7,851
Youth Service Hawaii	1,493
Other	54,408
	<u>\$ 7,033,467</u>

Schedule of Expenditures of Federal Awards

Aloha United Way, Inc.
(A Nonprofit Organization)
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal Agency / Program Title	Federal CFDA Number	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
U.S. Department of Housing and Urban Development			
Continuum of Care Program	14.267	\$ 5,142,345	\$ 4,833,403
Total U.S. Department of Housing and Urban Development		<u>5,142,345</u>	<u>4,833,403</u>
Total expenditures of federal awards		<u>\$ 5,142,345</u>	<u>\$ 4,833,403</u>

Aloha United Way, Inc.

(A Nonprofit Organization)

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2019

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, 2019, 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 November 24, 2020.

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") to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 determination of financial statement amounts. 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.

The logo for Accuity LLP, featuring the word "Accuity" in a cursive script followed by "LLP" in a bold, sans-serif font.

Honolulu, Hawaii
November 24, 2020

**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 the Organization's major federal program for the year ended December 31, 2019. The Organization's major federal program is 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 requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program 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 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 the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on 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 its major federal program for the year ended December 31, 2019.

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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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
November 24, 2020

Aloha United Way, Inc.
 (A Nonprofit Organization)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

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
Continuum of Care Program	14.267

Dollar threshold used to distinguish between type A and type B programs	\$750,000
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Auditee qualified as low-risk auditee?	<u> </u> yes	<u> X </u> no
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Aloha United Way, Inc.
(A Nonprofit Organization)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Section II – Financial Statement Findings

None noted.

Aloha United Way, Inc.
(A Nonprofit Organization)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Section III – Federal Award Findings and Questioned Costs

None noted.

Summary Schedule of Prior Audit Finding

Aloha United Way, Inc.
(A Nonprofit Organization)
Summary Schedule of Prior Audit Finding
Year Ended December 31, 2019

<u>Finding No.</u>	<u>Description</u>	<u>Classification</u>	<u>Status</u>		<u>Current Year Finding No.</u>
			<u>Resolved</u>	<u>Unresolved</u>	
2018-001	Allowable Costs	Significant Deficiency	X		—