



FINANCIAL STATEMENTS AND SUPPLEMENTARY  
INFORMATION WITH INDEPENDENT AUDITOR'S REPORTS

Fiscal Years Ended June 30, 2021 and 2020



N&K CPAs, Inc.

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# ALOHA HARVEST

## TABLE OF CONTENTS

	<u>Page</u>
<b>PART I</b>	
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	5 - 6
Financial Statements	
Statements of Financial Position	7
Statements of Activities	8 - 9
Statements of Functional Expenses	10 - 11
Statements of Cash Flows	12
Notes to Financial Statements	13 - 19
Supplementary Information	
Schedule of Expenditures of Federal Awards	21
Notes to Schedule of Expenditures of Federal Awards	22
<b>PART II</b>	
<b>REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS</b>	
Independent Auditor's Report 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>	24 - 25

# ALOHA HARVEST

## TABLE OF CONTENTS

	<u>Page</u>
<b>PART III</b>	
<b>REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b>	
Independent Auditor's Report on Compliance for Each Major federal Program and on Internal Control over Compliance Required by the Uniform Guidance	27 - 29
<b>PART IV</b>	
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	
Schedule of Findings and Questioned Costs	31
<b>PART IV</b>	
<b>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</b>	
Status Report	33

**PART I**  
**FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Aloha Harvest

### Report on the Financial Statements

We have audited the accompanying financial statements of Aloha Harvest (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the fiscal 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.

### Auditor's 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 General 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aloha Harvest as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022 on our consideration of Aloha Harvest's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Aloha Harvest's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Aloha Harvest's internal control over financial reporting and compliance.

*N&K CPAs, Inc.*

Honolulu, Hawaii  
December 16, 2022

**Aloha Harvest**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2021 and 2020**

	1400	PY
	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,034,164	\$ 798,781
Grants receivable	20,101	1,736
Accounts receivable	1,463	3,660
Prepaid expenses	4,780	11,549
Total current assets	1,060,508	815,726
<b>PROPERTY AND EQUIPMENT</b>		
Vehicles	456,827	236,699
Equipment	81,998	64,388
Furniture and fixtures	6,484	6,484
Construction in progress	73,028	--
	618,337	307,571
Less accumulated depreciation	139,486	232,735
	478,851	74,836
<b>OTHER ASSETS</b>		
Deposits	1,707	1,150
	1,707	1,150
	\$ <u>1,541,066</u>	\$ <u>891,712</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of note payable	\$ --	\$ 94,912
Accounts payable	21,821	65,612
Accrued payroll	29,864	25,613
Accrued vacation	20,970	10,897
Total current liabilities	72,655	197,034
<b>NET ASSETS</b>		
Without donor restrictions	1,443,411	488,780
With donor restrictions	25,000	205,898
Total net assets	1,468,411	694,678
	\$ <u>1,541,066</u>	\$ <u>891,712</u>

See accompanying notes to financial statements.

**Aloha Harvest**  
**STATEMENTS OF ACTIVITIES**  
**Fiscal Year Ended June 30, 2021**

1400

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Contributions and grants			
Foundations and corporations	\$ 816,450	\$ 386,809	\$ 1,203,259
Organizations and individuals	217,689	--	217,689
In-kind	10,490,708	--	10,490,708
Government grant	2,275,664	--	2,275,664
Loan forgiveness	94,912	--	94,912
Interest	92	--	92
Other	16,657	--	16,657
Net assets released from restrictions satisfied by stipulated usage	567,707	(567,707)	--
Total revenue and other support	14,479,879	(180,898)	14,298,981
<b>EXPENSES</b>			
Program services	13,238,747	--	13,238,747
Management and general	249,688	--	249,688
Fundraising	36,813	--	36,813
Total expenses	13,525,248	--	13,525,248
<b>CHANGE IN NET ASSETS</b>	954,631	(180,898)	773,733
<b>NET ASSETS AT BEGINNING OF FISCAL YEAR</b>	488,780	205,898	694,678
<b>NET ASSETS AT END OF FISCAL YEAR</b>	\$ 1,443,411	\$ 25,000	\$ 1,468,411

p.10



See accompanying notes to financial statements.



**Aloha Harvest**  
**STATEMENTS OF ACTIVITIES (Continued)**  
**Fiscal Year Ended June 30, 2020**

	PY		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Contributions and grants			
Foundations and corporations	\$ 721,506	\$ 535,633	\$ 1,257,139
Organizations and individuals	125,591	--	125,591
In-kind	7,707,974	--	7,707,974
Government grant	167,379	--	167,379
Fundraising	481	--	481
Interest	168	--	168
Other	254	--	254
Net assets released from restrictions satisfied by stipulated usage	329,735	(329,735)	--
Total revenue and other support	9,053,088	205,898	9,258,986
<b>EXPENSES</b>			
Program services	8,530,554	--	8,530,554
Management and general	177,167	--	177,167
Fundraising	92,178	--	92,178
Total expenses	8,799,899	--	8,799,899
<b>CHANGE IN NET ASSETS</b>	253,189	205,898	459,087
<b>NET ASSETS AT BEGINNING OF FISCAL YEAR</b>	235,591	--	235,591
<b>NET ASSETS AT END OF FISCAL YEAR</b>	\$ 488,780	\$ 205,898	\$ 694,678

p.11  
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See accompanying notes to financial statements.

**Aloha Harvest**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Fiscal Year Ended June 30, 2021**

0041	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 528,426	\$ 73,538	\$ 9,827	\$ 611,791
Employee benefits	86,520	11,844	1,655	100,019
Payroll taxes	56,872	7,915	1,058	65,845
 Total salaries and related expenses	 671,818	 93,297	 12,540	 777,655
Food donations to agencies	10,465,776	--	--	10,465,776
Food purchases	1,482,110	--	--	1,482,110
Vehicles	187,628	--	--	187,628
Outside services	44,439	70,114	10,324	124,877
Subcontracted services	123,852	--	--	123,852
Supplies	77,352	10,297	456	88,105
Depreciation	66,000	1,596	575	68,171
Equipment, facility and storage rental	53,405	--	--	53,405
Professional fees	32,390	12,550	2,618	47,558
Bank and payroll fees	90	29,687	1,849	31,626
Occupancy	11,420	1,344	672	13,436
Utilities	8,901	1,624	524	11,049
Telephone	6,338	1,043	235	7,616
Insurance	4,980	2,356	--	7,336
Fundraising	--	--	6,920	6,920
Parking	215	4,182	--	4,397
Resources	--	1,808	100	1,908
Interest	--	382	--	382
Travel	219	19	--	238
Miscellaneous	1,814	19,389	--	21,203
 Total functional expenses	 \$ <u>13,238,747</u>	 \$ <u>249,688</u>	 \$ <u>36,813</u>	 \$ <u>13,525,248</u>

See accompanying notes to financial statements.

**Aloha Harvest**  
**STATEMENTS OF FUNCTIONAL EXPENSES (Continued)**  
**Fiscal Year Ended June 30, 2020**

PY	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 302,788	\$ 41,690	\$ 37,798	\$ 382,276
Employee benefits	54,302	7,348	6,881	68,531
Payroll taxes	<u>32,005</u>	<u>4,407</u>	<u>3,995</u>	<u>40,407</u>
 Total salaries and related expenses	 389,095	 53,445	 48,674	 491,214
Food donations to agencies	7,686,336	--	--	7,686,336
Food purchases	83,085	--	--	83,085
Vehicles	125,792	--	--	125,792
Outside services	65,577	60,977	26,702	153,256
Subcontracted services	41,231	--	--	41,231
Supplies	46,849	7,066	849	54,764
Depreciation	24,325	916	44	25,285
Equipment, facility and storage rental	33,824	--	--	33,824
Professional fees	--	17,557	--	17,557
Bank and payroll fees	270	16,157	1,004	17,431
Occupancy	12,950	1,523	762	15,235
Utilities	6,345	1,340	373	8,058
Telephone	5,223	440	220	5,883
Insurance	4,386	1,929	229	6,544
Fundraising	--	--	13,321	13,321
Parking	2,765	128	--	2,893
Resources	--	1,570	--	1,570
Interest	--	1,311	--	1,311
Travel	631	1,270	--	1,901
Loss on disposal of assets	--	3,485	--	3,485
Miscellaneous	<u>1,870</u>	<u>8,053</u>	<u>--</u>	<u>9,923</u>
 Total functional expenses	 \$ <u>8,530,554</u>	 \$ <u>177,167</u>	 \$ <u>92,178</u>	 \$ <u>8,799,899</u>

See accompanying notes to financial statements.

**Aloha Harvest**  
**STATEMENTS OF CASH FLOWS**  
**Fiscal Years Ended June 30, 2021 and 2020**

	0030	PY
	2021	2020
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 773,733	\$ 459,087
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	68,171	25,285
(Gain)/Loss on disposal of assets	(16,000)	3,485
Loan forgiveness	(94,912)	--
(Increase) decrease in:		
Grants receivable	(18,365)	(1,732)
Accounts receivable	2,197	(2,319)
Prepaid expenses	6,769	(7,911)
Deposits	(557)	(500)
Increase (decrease) in:		
Accounts payable	(43,791)	45,763
Accrued payroll	4,251	9,753
Accrued vacation	10,073	6,666
	(82,164)	78,490
Total adjustments		
Net cash provided by operating activities	691,569	537,577
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(472,186)	(8,643)
Proceeds from sale of property and equipment	16,000	--
	(456,186)	(8,643)
Net cash used in investing activities		
<b>Cash flows from financing activities</b>		
Proceeds from notes payable	--	94,912
Principal payments on note payable	--	(13,655)
	--	81,257
Net cash provided by financing activities		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	235,383	610,191
<b>Cash and cash equivalents at beginning of fiscal year</b>	798,781	188,590
<b>Cash and cash equivalents at end of fiscal year</b>	\$ 1,034,164	\$ 798,781
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 382	\$ 1,311
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS</b>		
Loan forgiveness	\$ 94,912	\$ --

See accompanying notes to financial statements.

**Aloha Harvest**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**NOTE A - NATURE OF ACTIVITIES**

Aloha Harvest (Organization) was incorporated in the State of Hawaii (State) on August 26, 1999. The Organization is an innovative nonprofit that picks up leftover food (hot or cold) donated from restaurants, hotels, corporations, government agencies and events. The Organization's professional drivers immediately deliver the food free of charge to approved social service agencies that provide emergency food for the hungry men, women, and children of Oahu.

The Organization receives a substantial amount of its support from a private foundation. Significant reductions, if any, in the level of this support may have an adverse effect on the Organization's programs and activities.

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

- (1) ***Basis of accounting and financial statement presentation*** - The financial statements of the Organization have been prepared on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America. Net assets, revenue, public support, gains and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

- (2) ***Use of estimates*** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (3) ***Cash and cash equivalents*** - The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Aloha Harvest**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- (4) **Property and equipment** - Property and equipment acquisitions greater than \$1,000 are recorded at cost. Donated assets are recorded at their estimated fair value at the date of the gift. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets which range from 3 to 7 years.

Expenditures for maintenance, repairs, and minor renewals are charged to expense; expenditures for betterments are capitalized. Property and equipment retired or otherwise disposed of is removed from the appropriate asset and related accumulated depreciation accounts. Gains and losses on sale of assets are reflected in current operations.

- (5) **Contributions** - Unconditional contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

A conditional contribution contains a donor-imposed condition that represents a barrier that must be overcome before the recipient is entitled to the assets transferred or promised. Failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or gives the promisor a right of release from its obligation to transfer its assets. Conditional contributions are recognized when the condition or conditions on which they depend are substantially met, that is, when a conditional promise becomes unconditional.

Government grants and contracts are generally deemed to be conditional contributions. Revenue on government grants and contracts are generally paid on a cost reimbursement basis and contain barriers that limit the Organization's discretion over the manner in which an activity can be conducted due to a requirement that the Organization must follow specific guidelines about incurring qualifying expenses. Revenue on cost reimbursement grants and contracts are recognized when allowable and reasonable qualifying expenses that are based on specific requirements of an agreement are incurred.

- (6) **Functional allocation of expenses** - The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct costs incurred and management's estimates of resources consumed by these functions.

**Aloha Harvest**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- (7) **Donated services, facilities and materials** - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Significant and essential donated services are performed by various volunteers to support the Organization's programs and activities. These services have not been reflected in the financial statements as the criteria for recognition were not met.

Donated food, office space and other donated services are recorded by the Organization as unrestricted in-kind contributions and are reported on the statements of functional expenses in the expense line item in which the Organization benefited.

- (8) **Advertising costs** - The Organization expenses the production costs of advertising the first time the advertising takes place.
- (9) **Income taxes** - The Organization is recognized by the Internal Revenue Service as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position after an audit based on the technical merits of the position. The Organization has not identified any uncertain tax positions in filed returns that require disclosure in the accompanying financial statements. The Organization is not subject to income taxes in the U.S. federal jurisdiction and the State. Tax regulations within each jurisdiction are subject to interpretation of the related tax laws and regulations and require significant judgment to apply.
- (10) **Subsequent events** - Management has evaluated subsequent events through December 16, 2022, the date on which the financial statements were available to be issued. There were no subsequent events that required adjustment of or disclosure in the financial statements.
- (11) **New accounting pronouncements** - The Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends guidance to clarify the principles for recognizing revenue from contracts with customers, and ASU 2016-02, *Leases (Topic 842)*. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. This ASU defers the effective dates of Topics 606 and 842 to fiscal years beginning after December 15, 2019 and fiscal years beginning after December 15, 2021, respectively.

ASU No. 2014-09 requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. For the Organization, ASU No. 2014-09 was effective for the fiscal year ended June 30, 2021 and the adoption did not have a material impact on the Organization's financial statements.

**Aloha Harvest**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

ASU No. 2016-02 is expected to impact the statements of financial position of many entities by adding lease-related assets and liabilities which may affect compliance with contractual agreements and loan covenants. The effects of this ASU on the Organization's financial statements and the implementation of this pronouncement are still being evaluated by management.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires contributed nonfinancial assets to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets.

This ASU is effective for fiscal years beginning after June 15, 2021. The effects of this ASU on the Organization's financial statements and the implementation of this pronouncement are still being evaluated by management.

**NOTE C - LIQUIDITY AND AVAILABILITY OF RESOURCES**

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

	Face of FS	PY
	2021	2020
Cash and cash equivalents	\$ 1,034,164	\$ 798,781
Grants receivable	20,101	1,736
Accounts receivable	<u>1,463</u>	<u>3,660</u>
Total financial assets	1,055,728	804,177
Total net assets with donor restrictions	<u>(25,000)</u>	<u>(205,898)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,030,728</u>	\$ <u>598,279</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's annual budget and monthly financial statements are reviewed and approved by the Board of Directors. In addition to financial assets available to meet general expenditures of the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.



**Aloha Harvest**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**NOTE D - NOTE PAYABLE**

The Organization's note payable as of June 30, 2021 and 2020, are summarized as follows:

	2021	2020
Paycheck Protection Program note payable, including interest at 1.0%, maturing April 2022	\$ --	\$ 94,912
Less current maturities	--	94,912
	\$ --	\$ --

In April 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$94,912 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by Organization.

The Organization applied for 100% forgiveness of the PPP Loan. In May 2021, the PPP Loan was forgiven and the entire loan amount was recognized as loan forgiveness. The PPP Loan is subject to future audit by the SBA.

**Aloha Harvest**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**NOTE E - NET ASSETS WITH DONOR RESTRICTIONS**

At June 30, 2021 and 2020, net assets with donor restrictions for time and program purposes consisted of the following:

	5501	PY
	2021	2020
COVID-related programs	\$ --	\$ 96,060
Capital expenditures	--	90,034
Other operating programs	--	19,804
Strategic planning, organizational development and staff and board governance training	15,000	--
Feasibility study	10,000	--
Total	\$ 25,000	\$ 205,898

**NOTE F - DONATED FACILITIES, MATERIALS, AND VEHICLES**

0030



**Donated Use of Facilities** - The Organization occupied office space at a substantially reduced charge during the fiscal years ended June 30, 2021 and 2020. Accordingly, contributions of \$13,436 and \$15,235 have been recorded for the difference between the rent fair value and the actual rent paid for the space for the fiscal years ended June 30, 2021 and 2020, respectively. These amounts are included as in-kind contributions and as occupancy expenses in the statements of activities and statements of functional expenses, respectively. The use of the facilities is on a month-to-month basis.

**Donated Materials** - Contributions of donated materials are recorded at their estimated fair values when received. For the fiscal years ended June 30, 2021 and 2020, donated food totaling \$10,465,776 and \$7,686,336 was included as in-kind contributions and as expenses for food donations in the statements of activities and statements of functional expenses, respectively.

**Donated Use of Vehicles** - The Organization received the use of vehicles to further its mission during the pandemic. The fair value for the use of the vehicles for the fiscal years ended June 30, 2021 and 2020, respectively, was approximately \$11,500 and \$6,400. These amounts are included as in-kind contributions and as vehicles expense in the statements of activities and statements of functional expenses, respectively. The use of the vehicles is for two years from January 2020 through December 2021.

**Aloha Harvest**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**NOTE G - CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash and cash equivalent accounts in a commercial bank located in the State. The Federal Deposit Insurance Company (FDIC) secures these bank accounts up to \$250,000 per depositor. In assessing its concentration of credit risk related to cash and cash equivalents, the Organization places its cash and cash equivalents in a financial institution, which may at times exceed FDIC insurance limits. Management believes the Organization is not exposed to any significant credit risk with respect to its cash and cash equivalents.

**NOTE H - COVID-19 PANDEMIC**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus disease (COVID-19) as a pandemic, resulting in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, temporary closures of nonessential businesses, and stay at home orders. While the disruption is expected to be temporary, there is uncertainty around the duration and severity of this pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact the Organization's financial performance. Other financial impact could occur though such potential impact is unknown at this time.

## **SUPPLEMENTARY INFORMATION**

**Aloha Harvest**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Year Ended June 30, 2021**

0405

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>DEPARTMENT OF TREASURY PROGRAMS</b>			
Pass-Through City and County of Honolulu COVID-19 Coronavirus Relief Fund	21.019	PO-DCS-2100081	\$ 1,000,000
Pass-Through Hawaii Public Health Institute COVID-19 Coronavirus Relief Fund	21.019	N/A	598,367
Pass-Through Hawaii Community Foundation COVID-19 Coronavirus Relief Fund	21.019	20HCF-106048	<u>579,000</u>
<b>Total Department of Treasury Programs</b>			<u>2,177,367</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 2,177,367</u>

The accompanying notes are an integral part of this schedule.

**Aloha Harvest**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Year Ended June 30, 2021**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activities of Aloha Harvest (the Organization) under programs of the federal government for the fiscal year ended June 30, 2021. The information in the 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C - INDIRECT COST RATE**

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**PART II**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

**INDEPENDENT AUDITOR'S REPORT 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  
Aloha Harvest

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 Harvest (Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2022.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*N & K CPAs, Inc.*

Honolulu, Hawaii  
December 16, 2022

**PART III**

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
Aloha Harvest

### Report on Compliance for Each Major Federal Program

We have audited Aloha Harvest's (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 fiscal year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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* (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 a 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.

### **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 fiscal year ended June 30, 2021.

### **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.

N&K CPAs, Inc.

ACCOUNTANTS | CONSULTANTS

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.

*N&K CPAs, Inc.*

Honolulu, Hawaii  
December 16, 2022

**PART IV**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Aloha Harvest**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2021**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified?

yes  none reported

Noncompliance material to financial statements noted?

yes  no

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified?

yes  none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

yes  no

Identification of major federal programs:

Assistance Listing  
 Number  
 \_\_\_\_\_  
 21.019

\_\_\_\_\_  
 Name of Federal Program  
 COVID-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes  no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters reported.

**SECTION III – FEDERAL AWARD FINDINGS**

No matters reported.

**PART VI**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**



**Aloha Harvest  
STATUS REPORT  
Fiscal Year Ended June 30, 2021**

No prior audit findings which apply under the current criteria of the Uniform Guidance were noted.