

WOMEN HELPING WOMEN

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Women Helping Women
Wailuku, Maui, Hawaii

Opinion

We have audited the accompanying financial statements of Women Helping Women (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Women Helping Women as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Women Helping Women and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Women Helping Women's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Women Helping Women's ability to continue as a going concern for a reasonable period of time.

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

This report is intended for the information of the board of directors and management of Women Helping Women and is not intended to be and should not be used by anyone other than these specified parties.

Melanie Devereux, CPA, LLC

Makawao, Hawaii

August 16, 2023

WOMEN HELPING WOMEN

Statement of Financial Position
For the Year Ended June 30, 2023

ASSETS

ASSETS

Cash and Cash Equivalents	\$ 1,293,681
Accounts Receivables	261,833
Prepaid Expenses	19,565
Investments	8,325
Deposits	2,600
Inventory	14,445
Right of Use Assets	<u>154,189</u>
Total Assets	1,754,638

FIXED ASSETS

Automobiles	54,748
Furniture & Fixtures	375
Machinery & Equipment	44,667
Building Improvements	<u>406,516</u>
Total Fixed Assets	506,306
Less Accumulated Depreciation	<u>(295,580)</u>
Net Fixed Assets	<u>210,726</u>

TOTAL ASSETS \$ 1,965,364

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 5,832
Accrued Vacation	39,399
Deferred Revenue	145,651
Lease Liabilities	<u>154,189</u>
Total Liabilities	345,071

NET ASSETS

Without Donor Restrictions	<u>1,620,293</u>
Total Net Assets	<u>1,620,293</u>

TOTAL LIABILITIES AND NET ASSETS \$ 1,965,364

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

WOMEN HELPING WOMEN

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2023

	<u>Without Donor</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE		
Contract Revenue and Grants	\$ 1,387,446	\$ 1,387,446
Fundraising	405	405
In-Kind Contributions	57,100	57,100
Contributions	246,950	246,950
Miscellaneous	982	982
Interest Income	3,659	3,659
Revive Boutique Contribution	13,400	13,400
Revive Boutique Sales	139,673	139,673
Revive Boutique Donations and Other	140,388	140,388
Total Support and Revenue	1,990,003	1,990,003
 COST OF GOODS SOLD		
Revive Boutique	145,665	145,665
Total Cost of Goods Sold	145,665	145,665
 NET SUPPORT AND REVENUE	 1,844,338	 1,844,338
 EXPENSES		
Program Services	1,246,743	1,246,743
Supporting Services	352,848	352,848
Fundraising	10,567	10,567
Revive Boutique	127,955	127,955
Total Expenses	1,738,113	1,738,113
 CHANGE IN NET ASSETS	 106,225	 106,225
 NET ASSETS, BEGINNING OF YEAR	 1,514,068	 1,514,068
 NET ASSETS, END OF YEAR	 \$ 1,620,293	 \$ 1,620,293

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

WOMEN HELPING WOMEN

Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>Program</u> <u>Services</u>	<u>Supporting</u> <u>Services</u>	<u>Fundraising</u>	<u>Revive</u> <u>Boutique</u>	<u>Total</u>
Salaries	\$ 539,690	\$ 212,906	\$ -	\$ 49,437	\$ 802,033
Fringe Benefits	161,788	78,010	-	25,836	265,634
Rent	95,766	11,119	-	13,750	120,635
Insurance	22,865	-	-	2,009	24,874
Supplies	12,073	5,956	-	1,914	19,943
Equipment Lease	5,498	1,415	-	-	6,913
Food	24,093	-	-	-	24,093
Travel	1,027	277	-	-	1,304
Repair & Maintenance	34,867	-	-	3,444	38,311
Client Assistance	251,722	-	-	2,557	254,279
Utilities	47,126	8,922	-	6,678	62,726
Office Expense	509	2,115	-	-	2,624
Depreciation	33,418	-	-	-	33,418
Accounting	-	14,036	-	-	14,036
Advertising	-	615	-	-	615
Automobile	7,012	1,454	-	-	8,466
Training & Development	1,998	1,765	-	-	3,763
Contributions to Agency	-	-	-	13,400	13,400
Direct Fundraising	-	-	10,567	-	10,567
Taxes & Penalties	-	79	-	5,485	5,564
Bank Fees	-	4,073	-	2,448	6,521
Licenses and Fees	-	1,617	-	-	1,617
Volunteer/Staff Recognition	-	3,973	-	997	4,970
Miscellaneous	7,291	4,516	-	-	11,807
	<u>\$1,246,743</u>	<u>\$ 352,848</u>	<u>\$ 10,567</u>	<u>\$ 127,955</u>	<u>\$ 1,738,113</u>

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

WOMEN HELPING WOMEN

Statement of Cash Flows
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Government Funding	\$ 1,335,944
Contributions & Fundraising	252,339
Revive Boutique	147,796
Other Cash Receipts	4,893
Cash Paid to Employees and Vendors	<u>(1,621,462)</u>
Net Cash Provided by Operating Activities	119,510
NET INCREASE CASH	119,510
CASH BALANCE, BEGINNING OF YEAR	<u>1,174,171</u>
CASH BALANCE, END OF YEAR	<u>\$ 1,293,681</u>

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

WOMEN HELPING WOMEN

Notes to the Financial Statements For the Year Ended June 30, 2023

1. ORGANIZATION

Women Helping Women (the Organization) was incorporated under the laws of the State of Hawaii as a nonprofit corporation in 1977. The Organization was formed to offer safety, support and empowerment to women and children in Maui County who are the victims of domestic violence. The Organization is supported primarily through government and private grants, donor contributions, and fundraising. The Organization's major programs include the Shelter Program, Maui's only emergency shelter facility for women and children; Transitions Program, helping women obtain and retain permanent housing and to achieve self-sufficiency; Children's Program, providing service to children affected by domestic violence both in the shelter and in the community; and Temporary Restraining Orders, preparing court orders to protect a person from all types of abuse.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The accrual basis of accounting is used for financial and income tax reporting purposes. Under this method, revenue is recorded when earned and expenses are recorded when the obligation is incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-205 *Not-for-Profit Entities Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Management's 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 period. Actual results could differ from those estimates.

WOMEN HELPING WOMEN

Notes to the Financial Statements For the Year Ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less at the date of purchase. Cash equivalents consist of checking accounts and savings accounts.

Investments

The Organization classifies its equity securities as available for sale. Securities classified as available for sale are carried in the financial statements at cost. Realized gains and losses are included in earnings; unrealized holding gains and losses are not reported in the financial statements using the cost method.

Fixed Assets

If an expenditure results in an asset having an estimated useful life that extends beyond one year, the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset. Fixed assets are recorded at cost if purchased or if donated, at fair market value at the time of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Gains or losses from the disposition of fixed assets are included in current operations.

Functional Allocation of Expenses

ASC 958-205 requires that not-for-profit organizations group their expenses by functional classifications: Program Services, Supporting Services, and Fundraising. Expenses are charged directly to program services, supporting services or fundraising based on specific identification. Other expenses such as payroll, payroll taxes, employee benefits and occupancy related costs are allocated based on estimated usage.

Donated Services

The Organization receives services donated by the general public in carrying out its purpose. No amounts have been reflected in the financial statements for donated services since they do not meet the criteria for recognition under ASC 958-605 *Not-for-Profit Entities Revenue Recognition*.

WOMEN HELPING WOMEN

Notes to the Financial Statements For the Year Ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue

Resources received for program services are generally unrestricted in nature. Grants and other contributions of cash or other assets are generally reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated resources. When a donor restriction expires, that is, when the restricted purpose has been achieved, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Additionally, donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions support. As of June 30, 2023, there were no net assets with donor restrictions.

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from State income taxes under Section 237-23(b) of the Hawaii Revised Statutes. Contributions to the Organization are tax deductible. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2021, 2022 and 2023 are subject to examination by the IRS, generally for three years after they were filed.

3. CONCENTRATION OF RISK

The Organization receives a substantial portion of its funding from the Federal government, State of Hawaii and the County of Maui. Because of challenging economic conditions and budgetary constraints, future availability of funding from these sources may be affected.

Amounts received from these agencies are restricted to purposes designated in the related agreements. Final acceptance of the costs charged to such programs is subject to review and acceptance by the funding agency.

The Organization maintains its cash and cash equivalents accounts in a financial institution in the State of Hawaii. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At June 30, 2023, the Organization had approximately \$780,000 in excess of FDIC insured limits.

WOMEN HELPING WOMEN

Notes to the Financial Statements For the Year Ended June 30, 2023

4. LEASE OBLIGATIONS

The Organization leases its administrative offices in Wailuku, Hawaii. Occupancy of the building is shared with two other not-for-profit organizations. The lease is for 30 years ending on October 31, 2028. The lease requires the Organization to pay, as rent, their proportionate share of the lessor's amount of debt financing on the entire premises. In addition, the Organization is required to pay the lessor's operating expenses for the property. Annually, the lessor notifies the Organization of its proportionate share of the lessor's debt financing. For the year ended June 30, 2023, the total amount paid pursuant to this lease was \$23,011.

The Organization also leases space on Lanai, Hawaii. The lease ends on December 1, 2026. The lease requires the Organization to pay monthly rent of \$1,249. For the year ended June 30, 2023, the total amount paid pursuant to this lease was \$14,989.

ASC Topic 842 requires that organizations recognize the assets and liabilities that arise from leases. Future minimum lease payments on the occupancy leases for the years ending June 30, are as follows:

2024	\$ 35,680
2025	34,592
2026	33,547
2027	25,056
2028	19,125
Thereafter	<u>6,189</u>
Total	<u>\$ 154,189</u>

In February 2019, the Organization entered into several 60 month leases with Ricoh, for copiers, with combined monthly payments of \$344, plus any monthly over usage charges. Payments to Ricoh amounted to \$5,120 for the year ended June 30, 2023. Future minimum lease payments on the copier for the year ending June 30, 2024 total \$2,752.

5. DONATED MATERIALS

The Organization receives donations of clothing, furniture and vehicles which are distributed to clients on the basis of need or resold in the Revive Boutique. No value is assigned nor recorded for those donations that are distributed, but an in-kind donation equal to the amount of the sales price in the Revive Boutique, is recognized.

WOMEN HELPING WOMEN

Notes to the Financial Statements For the Year Ended June 30, 2023

6. DONATED USE OF SPACE

The women's shelter has been donated to the Organization. Management estimates the rental value of the shelter to be approximately \$45,900 per year. This amount has been included in in-kind donations and rent expense on the accompanying financial statements. Donated use of space is based on prevailing market rates for similar commercial rental property.

The Organization leases the land upon which the shelter is located from the County of Maui for a nominal charge pursuant to a lease expiring in 2026. Estimated rental value of the land is \$11,200 per annum. This amount has been included in in-kind donation and rent expense on the accompanying financial statements.

7. FUNDRAISING EXPENSES

The Organization's functional expenses which are categorized as fundraising expenses include expenses the annual donor drive and other community fundraising events. Corresponding revenues from these fundraisers are categorized in various revenue categories.

8. SCHEDULE OF CASH AND CASH EQUIVALENTS

Agency	
Bank of Hawaii - Checking	\$ 492,175
Bank of Hawaii - Money Market	292,557
Bank of Hawaii - Investment Services	230,473
Bank of Hawaii - Transfer Account	7,209
Central Pacific Bank - Savings	225,004
Petty Cash	800
Revive Boutique	
American Savings Bank	45,263
Petty Cash	200
	<u>\$ 1,293,681</u>

WOMEN HELPING WOMEN

Notes to the Financial Statements For the Year Ended June 30, 2023

9. RETIREMENT PLAN

The Organization maintains a tax deferred retirement plan under the Internal Revenue code Section 403(b). An unmatched (base) employer contribution of 3% of compensation is made for all employees beginning with their date of hire. Employees are also eligible to make their own contributions upon hire. Vesting is 50% after 1 year of service and 100% after 2 years of service. The Organization contributed \$22,861 to the retirement plan for employees for the year end June 30, 2023.

10. DEFERRED REVENUE

Deferred revenue represents funds received from government grants, security deposit refunds and foundation contracts, which were not yet earned as of June 30, 2023. These types of contracts allow for these funds to be used and thus, earned in the subsequent year. The balance of deferred revenue at June 30, 2023 was \$145,651 in total.

11. REVIVE BOUTIQUE

In March 2011, the Organization opened a boutique where they sell donated items at thrift store prices to the general public. The accounting records for the Revive Boutique are kept on an independent accounting system from the Organization's main accounting system. The records are consolidated at year end for financial statement presentation purposes. The organization has a month to month lease for the store space and is required to pay monthly rent of \$1,100 plus general excise tax of \$46.

The Organization does not record the value of the non-cash donations received at the time of receipt, as some of the items are sold in the store and some are given out at the shelter. Once the donations have been placed in the store for sale, they are recorded as an in-kind donation for the amount of the asking sales price. Inventory and the estimated value of items in the store was estimated to be \$14,445 at June 30, 2023. Revenues from the sales of these items, and corresponding cost of goods sold, are recorded at the time of sale and are taxable. The Organization is responsible for paying general excise tax of 4% on all unrelated business income.

WOMEN HELPING WOMEN

Notes to the Financial Statements For the Year Ended June 30, 2023

12. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES

Excess support and revenue over expenses	\$ 106,225
Adjustment to reconcile excess support and revenue over expenses to net cash provided by operating activities:	
Depreciation	33,418
Loss on Disposal	-
(Increase) in accounts receivable	(16,500)
(Increase) in prepaid expenses	(1,182)
Decrease in inventory	7,388
Increase in accounts payables	4,165
Increase in accrued expenses	15,762
(Decrease) in deferred revenue	<u>(29,766)</u>
Net cash provided by operating activities	<u>\$ 119,510</u>

13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Management's policy is to structure its financial assets as its general expenditures, liabilities and other obligations come due.

Financial assets	\$ 1,563,839
Less those unavailable to general expenditures within one year due to:	
Liability for deferred revenue	<u>(145,651)</u>
Financial assets available to meet cash need for general expenditures within one year	<u>\$ 1,418,188</u>

14. MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Subsequent to the issuance of these financial statements, a natural disaster on the island of Maui occurred, known as the Maui Wildfire Disaster. Economic conditions were negatively affected locally. At the time the financial statements were available to be issued, the direct effect of the disaster on the future operations and cash flows of the Organization could not be determined.

Management has evaluated subsequent events through August 16, 2023. There are no subsequent events that would have a material effect on the financial statements, and this is the date the financial statements were available to be issued.