



MAUI A.I.D.S. FOUNDATION

REPORT TO MANAGEMENT

For the Year Ended June 30, 2023

Maui A.I.D.S. Foundation:

In planning and performing the audit of the financial statements of Maui A.I.D.S. Foundation (Organization) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible (the chance of the future event or events occurring is more than remote but less than likely) or probable (the future event or events are likely to occur.)

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit of the financial statements, 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.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

CW Associates, CPAs

CW Associates, CPAs
Honolulu, Hawaii
November 21, 2023

MAUI A.I.D.S. FOUNDATION

**FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORTS,
AND SUPPLEMENTARY SCHEDULE**

**As of and for the Year Ended June 30, 2023
(With Prior Year Comparative Information)**





MAUI A.I.D.S. FOUNDATION

INTRODUCTION

For the Year Ended June 30, 2023

Maui A.I.D.S. Foundation (Organization) is a nonprofit corporation whose mission is to promote the sexual health and well-being of residents of the County of Maui who have contracted the Human Immunodeficiency Virus (HIV), or who have shown symptoms of the Acquired Immunodeficiency Syndrome (AIDS). The Organization provides medical care, access to HIV medications, financial housing assistance, food, and emotional and education support. The Organization offers free sexually transmitted disease testing, and provides educational programs to inform the community about HIV/AIDS, and its transmission, prevention, and impact on the residents of the County of Maui.

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Accordingly, qualifying contributions to the Organization are tax deductible.

The Organization receives federal awards directly and indirectly from the U.S. Department of Housing and Urban Development for its Housing Opportunities for Persons with A.I.D.S. program and indirectly from the U.S. Department of Health and Human Services for its HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B) and HIV Prevention Activities Health Department Based program.

This report is the result of a single audit of the Organization conducted in accordance with auditing standards generally accepted in the United States of America; *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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) for the year ended June 30, 2023.

This report includes the financial statements of the Organization as of and for the year ended June 30, 2023 (with prior year comparative information), the accompanying notes to the financial statements, and independent auditor's report. It also includes the independent auditor's reports required by the Government Accountability Office's *Government Auditing Standards*, and the Schedule of Expenditures of Federal Awards and independent auditor's reports required by the Uniform Guidance for the year ended June 30, 2023. Findings and questioned costs (if any) and the corrective action plan (if applicable) are reported by the auditor under those captions in the final sections of this report.

MAUI A.I.D.S. FOUNDATION

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MAUI A.I.D.S. FOUNDATION

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

As of and for the Year Ended June 30, 2023
(With Prior Year Comparative Information)



INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Maui A.I.D.S. Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Maui A.I.D.S. Foundation (Organization), a nonprofit Hawaii corporation, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 (U.S. GAAP).

Basis for Opinion

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

Emphasis of Matter – Adoption of New Accounting Pronouncement

As discussed in Note A to the financial statements, during the year ended June 30, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-12, *Leases (Topic 842) – Leases: Amendments to the FASB Accounting Standards*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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.

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the financial statements are 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 U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 U.S. GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our 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 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.



Supplementary Information (continued)

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 U.S. GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Prior Year Summarized Comparative Information

We have previously audited the Organization's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

CW Associates, CPAs

CW Associates, CPAs
Honolulu, Hawaii
November 21, 2023



MAUI A.I.D.S. FOUNDATION
STATEMENT OF FINANCIAL POSITION
As of June 30, 2023
(With Prior Year Comparative Information)

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash (including interest-bearing accounts)	\$ 58,983	\$ 98,766
Grants and contracts receivable – net	290,690	246,977
Prepaid expenses	12,834	10,406
Total current assets	<u>362,507</u>	<u>356,149</u>
NONCURRENT ASSETS		
Restricted cash – endowment fund	80,051	80,031
Investments in marketable securities – endowment fund	111,593	105,201
Property and equipment – net	3,250	4,278
Lease deposit	1,700	1,700
Operating lease right-of-use assets – net	124,580	-
Total noncurrent assets	<u>321,174</u>	<u>191,210</u>
TOTAL ASSETS	<u>\$683,681</u>	<u>\$547,359</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	34,974	11,922
Accrued liabilities	68,303	60,651
Refundable advances	6,402	99,695
Operating lease liabilities	21,966	-
Total current liabilities	<u>131,645</u>	<u>172,268</u>
OPERATING LEASE LIABILITIES – Noncurrent	<u>102,951</u>	<u>-</u>
TOTAL LIABILITIES	<u>234,596</u>	<u>172,268</u>
NET ASSETS		
Net assets without donor restrictions	<u>247,099</u>	<u>179,518</u>
Net assets with donor restrictions		
Donor restrictions for programs	99,384	92,971
Donor restrictions for endowment	102,602	102,602
Total net assets with donor restrictions	<u>201,986</u>	<u>195,573</u>
Total net assets	<u>449,085</u>	<u>375,091</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$683,681</u>	<u>\$547,359</u>

See accompanying notes to the financial statements.

MAUI A.I.D.S. FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023
(With Prior Year Comparative Information)

	<u>2023</u>	<u>2022</u>
CHANGES IN NET ASSETS		
WITHOUT DONOR RESTRICTIONS		
Revenue and support		
Federal grants	\$ 1,156,938	\$ 1,208,636
State grants and contract revenues	537,389	386,186
Gain on forgiveness of SBA PPP loan	-	149,997
County of Maui grants	140,000	140,000
Contributions without donor restrictions	57,956	21,784
340B drug program	45,833	47,828
Net assets released from donor restrictions	-	19,369
Other grants	10,000	7,000
Other income	588	6,769
Total revenue and support	<u>1,948,704</u>	<u>1,987,569</u>
Expenses		
Client services	1,180,516	1,253,604
Education and prevention	399,906	358,380
Clinical and other programs	117,549	116,834
Total program services	<u>1,697,971</u>	<u>1,728,818</u>
Management and general	107,208	96,623
Fundraising	75,944	63,510
Total expenses	<u>1,881,123</u>	<u>1,888,951</u>
Increase in net assets without donor restrictions	<u>67,581</u>	<u>98,618</u>
CHANGES IN NET ASSETS		
WITH DONOR RESTRICTIONS		
Investment income (loss) – net	6,413	(14,509)
Net assets released from donor restrictions	-	(19,369)
Increase (decrease) in net assets with donor restrictions	<u>6,413</u>	<u>(33,878)</u>
INCREASE IN NET ASSETS	73,994	64,740
NET ASSETS – Beginning of year	<u>375,091</u>	<u>310,351</u>
NET ASSETS – End of year	<u>\$ 449,085</u>	<u>\$ 375,091</u>

See accompanying notes to the financial statements.

MAUI A.I.D.S. FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023
(With Prior Year Comparative Information)

	Program Services			Supporting Services			2023 <u>Total</u>	2022 <u>Total</u>
	<u>Client Services</u>	<u>Education and Prevention</u>	<u>Clinical and Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries and benefits	\$ 378,113	\$330,792	\$ 95,923	\$ 804,828	\$ 76,713	\$53,733	\$ 935,274	\$ 848,361
HOPWA program	608,265	-	-	608,265	-	-	608,265	682,833
Direct financial assistance	116,339	-	-	116,339	-	-	116,339	126,353
Lease rent and utilities	29,661	25,884	7,506	63,051	6,003	4,205	73,259	72,172
Supplies	11,318	16,553	4,421	32,292	1,042	335	33,669	31,442
Professional fees	8,850	2,350	-	11,200	9,216	-	20,416	42,480
Telecommunication	6,990	6,170	1,789	14,949	1,431	1,002	17,382	15,256
Equipment and rental maintenance	6,362	5,615	1,628	13,605	1,302	912	15,819	26,699
Insurance	6,175	5,450	1,581	13,206	1,264	885	15,355	15,308
Fundraising	-	-	-	-	-	13,852	13,852	4,631
Travel	4,471	4,734	1,973	11,178	1,315	658	13,151	8,974
Postage and delivery	1,451	132	-	1,583	1,056	-	2,639	2,070
Interest expense	-	-	-	-	1,810	-	1,810	80
Miscellaneous	2,521	2,226	2,728	7,475	6,056	362	13,893	12,292
Total expenses	<u>\$ 1,180,516</u>	<u>\$399,906</u>	<u>\$117,549</u>	<u>\$ 1,697,971</u>	<u>\$107,208</u>	<u>\$75,944</u>	<u>\$ 1,881,123</u>	<u>\$ 1,888,951</u>

See accompanying notes to the financial statements.

MAUI A.I.D.S. FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023
(With Prior Year Comparative Information)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 73,994	\$ 64,740
Adjustments to reconcile increase in net assets to net cash used by operating activities		
Gain on forgiveness of SBA PPP Loan	-	(149,997)
Operating lease payments less straight-line expenses	337	-
Depreciation	1,028	1,028
(Gain) loss on investments in marketable securities	(5,276)	15,173
(Increase) decrease in		
Grants and contracts receivable – net	(43,713)	13,084
Prepaid expenses	(2,428)	(1,280)
Increase (decrease) in		
Accounts payable	23,052	(1,553)
Accrued liabilities	7,652	6,286
Refundable advances	(93,293)	36
Net cash used by operating activities	<u>(38,647)</u>	<u>(52,483)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of marketable securities	7,667	9,334
Purchases of marketable securities	(8,783)	(9,977)
Additions to property and equipment	-	(4,635)
Net cash used by investing activities	<u>(1,116)</u>	<u>(5,278)</u>
NET DECREASE IN CASH AND RESTRICTED CASH	(39,763)	(57,761)
CASH AND RESTRICTED CASH – Beginning of year	<u>178,797</u>	<u>236,558</u>
CASH AND RESTRICTED CASH – End of year	<u>\$ 139,034</u>	<u>\$ 178,797</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 1,810	\$ 80
Noncash investing activity – additions to operating lease right-of-use assets	\$ 124,580	\$ -
Noncash financing activity – additions to operating lease liabilities	\$ 124,917	\$ -

See accompanying notes to the financial statements.

MAUI A.I.D.S. FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

**For the Year Ended June 30, 2023
(With Prior Year Comparative Information)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity

Maui A.I.D.S. Foundation (Organization) is a nonprofit corporation whose mission is to promote the sexual health and well-being of residents of the County of Maui who have contracted the Human Immunodeficiency Virus (HIV), or who have shown symptoms of the Acquired Immunodeficiency Syndrome (AIDS). The Organization provides medical care, access to HIV medications, financial housing assistance, food, and emotional and education support. The Organization offers free sexually transmitted disease testing, and provides educational programs to inform the community about HIV/AIDS and its transmission, prevention, and impact on the residents of the County of Maui.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions consist of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net Assets with Donor Restrictions consist of net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The accompanying financial statements include prior year comparative information that does not constitute a complete presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended June 30, 2022, from which the information was derived.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 revenue and expenses during the reporting year. Actual results could differ from those estimates, it is reasonably possible that such estimates may change within the near term, and such differences could be material to the financial statements.

MAUI A.I.D.S. FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2023
(With Prior Year Comparative Information)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash and restricted cash, grants and contracts receivable, and investments in marketable securities. At June 30, 2023 and 2022, the Organization's cash and restricted cash on deposit with financial institutions did not exceed the related federal deposit insurance. Management evaluates the credit standings of these financial institutions to ensure that such deposits are adequately safeguarded as required by federal regulations. The Organization had unsecured receivables due primarily from the State of Hawaii, County of Maui, and other agencies, which have been reduced by estimated allowances for doubtful accounts (none as of June 30, 2023 and 2022). Grants and contracts receivable are determined to be collectible or uncollectible based on an assessment by management of the facts and circumstances related to the individual accounts, including historical experience, an assessment of economic conditions, and a review of subsequent collections. Investments are insured by federal and private insurance, as represented by the custodians. Future changes in market prices may make such investments less valuable.

Investments in Marketable Securities

Investments in marketable securities are stated at fair value. Net realized and unrealized gains and losses, determined using the specific identification method, are included in investment income (loss).

Property and Equipment

Property and equipment is stated at cost or, if contributed, at estimated fair market value at the date of contribution. Depreciation is computed using the straight-line method over estimated useful lives of five to seven years for furniture and equipment. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Expenditures for property and equipment in excess of \$2,500 are capitalized. Repairs and maintenance are expensed as incurred.

Leases

Leases are evaluated as operating or finance leases upon commencement, and are accounted for accordingly. Specifically, a lease contains an explicitly or implicitly identified asset, the Organization retains substantially all of the economic benefits from the use of the underlying asset, and directs how and for what purpose the asset is used during the term of the lease in exchange for consideration. The Organization assesses whether a contract is or contains a lease at inception of the contract.

MAUI A.I.D.S. FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2023
(With Prior Year Comparative Information)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (continued)

For the year ended June 30, 2022, operating leases were recognized in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 840, *Leases*. Operating leases were expensed over the terms of the leases on a straight-line basis.

Beginning July 1, 2022, the Organization accounts for its leases in accordance with FASB ASC 842: *Leases*. In accordance with ASC 842, a right-of-use asset and liability are recognized at the present value of future lease payments. The Organization recognizes the right-of-use asset and liability at the inception of a lease if such amounts are material to the financial statements.

The lease term used to calculate the right-of-use asset and lease liability at the commencement of a lease includes the impacts of options to extend or terminate the lease. Existing economic conditions; the nature, length, and terms of the lease agreement; and the expected condition of the leased asset at the end of the lease term are factors in assessing the probability of an option to extend or terminate a lease.

The discount rate used to calculate the present value of lease payments is the rate implicit in the lease, when readily determinable, or a risk-free rate, when not readily determinable.

Real estate taxes, insurance, maintenance, and operating expenses applicable to the leased assets are generally obligations of the Organization. When such payments are fixed, they are included in the measurement of the lease assets and liabilities and, when variable, are excluded and recognized in the period in which the obligation for those payments is incurred.

Leases that have a term of twelve months or less upon commencement are considered short-term in nature. Such leases are not included in the statement of financial position and are expensed on a straight-line basis over the lease term. The lease agreements of the Organization do not contain any material residual value guarantees or material restrictive covenants.

Revenue and Expense Recognition

Revenue is recognized when the goods or services are provided to the customer. Revenue from performance obligations satisfied at a point in time include 340B drug sales of \$45,833 and \$47,828 and other income of \$588 and \$6,769 for the years ended June 30, 2023 and 2022, respectively. Revenue from other than performance obligations include gain on forgiveness of SBA PPP loan of \$0 and \$149,997 and investment income (loss) of \$6,413 and (\$14,509) for the years ended June 30, 2023 and 2022, respectively. Amounts received prior to the provision of the goods or services are reported as deferred revenue (none in 2023 and 2022).

MAUI A.I.D.S. FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023 (With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expense Recognition (continued)

Expenses, including advertising expenses (none at June 30, 2023 and 2022), are recognized when the related liability is incurred. The Organization allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service using natural expense classifications. Other expenses that are common to several functions are allocated to the programs and supporting services based on management estimates, including the percentage of time spent by the Organization's personnel.

Grants and Contracts

The Organization's revenue from grants and contracts is based on agreements with the federal government, State of Hawaii, County of Maui, and other entities. The Organization recognizes grants and contracts as either contributions or exchange transactions, depending on whether the transaction is reciprocal or nonreciprocal. The majority of the Organization's grants and contracts are cost-reimbursable grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures (including expenditures for property and equipment, which are capitalized and depreciated for financial accounting purposes). Amounts received are recognized as revenue when the Organization has met the conditions, including incurring expenditures in compliance with the grant or contract provisions. Amounts received prior to incurring the qualifying expenses are reported as refundable advances. Qualifying expenditures that have been incurred or services performed, but for which reimbursement has not yet been received, are reported in the statement of financial position as grants and contracts receivable. Amounts received from such grants for which the conditions and any restrictions are met in the same reporting period are reported as revenue in net assets without donor restrictions.

The Organization was awarded cost-reimbursable grants and contracts of approximately \$812,000 that have not been recognized as of June 30, 2023 because the qualifying expenditures have not yet been incurred.

Contributions

The Organization recognizes contributions when cash, securities, or other assets; unconditional promises to give; or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are considered to be available for unrestricted use unless restricted by the donor. Donor restricted support is reported as an increase in net assets with donor restrictions. When a donor restriction is satisfied or expires, net assets with donor restrictions are released to net assets without donor restrictions.

MAUI A.I.D.S. FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023 (With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (continued)

At June 30, 2023, conditional contributions of \$6,402 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met, respectively.

Donated Goods and Services

In-kind contributions of goods and services (none in 2023 and 2022) that meet the criteria for recognition are recognized as contributions at the estimated fair market value at the date of donation, and are recorded as expenses or assets in the same amount. Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills that are performed by people with those skills and would otherwise be purchased by the Organization. A number of unpaid volunteers have made contributions of their time to the Organization. The value of their time is not reflected in these financial statements because it does not meet the criteria for recognition.

Retirement Plan

The Organization sponsors a defined contribution, salary reduction retirement plan covering substantially all of its employees, to which it contributes up to 3% of employees' salaries, up to the maximum allowed under Internal Revenue Code section 403(b). Retirement plan expense, included in salaries and benefits, amounted to \$4,615 and \$5,211 for the years ended June 30, 2023 and 2022, respectively.

Hawaii General Excise Tax

The State of Hawaii imposes a general excise tax of 4% on the gross receipts of the Organization from its other income and certain fundraising activity. Hawaii general excise tax expense from other income amounted to \$431 and \$261 for the years ended June 30, 2023 and 2022, respectively.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code on exempt purpose income and is not a private foundation. Accordingly, qualifying contributions to the Organization are tax deductible.

U.S. GAAP requires uncertain tax positions to be recognized in the financial statements if they are more likely than not to fail upon regulatory examination. Management has evaluated the Organization's tax positions as of June 30, 2023 and 2022, and for the years then ended, and determined that it had no uncertain tax positions required to be reported in accordance with U.S. GAAP. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax years.

MAUI A.I.D.S. FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2023
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Pronouncement

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842): *Leases: Amendments to the FASB Accounting Standards Codification*. Under this ASU, lessees are required to recognize assets and liabilities on their balance sheets for all leases with a term of more than 12 months. The assets and liabilities recognize the rights and obligations created by each lease initially measured as the present value of lease payments. This recognition applies to all leases – capital and operating leases. Previously, only capital leases were recognized as assets and liabilities on balance sheets. This ASU also requires disclosures on the amount, timing and uncertainty of cash flows due to the leases, including qualitative and quantitative information.

The Organization implemented this ASU in the year ended June 30, 2023, using the modified retrospective transition method, whereby leases that were longer than 12 months as of July 1, 2022 were evaluated and recognized under this ASU. Prior period financial statement balances and disclosures have not been adjusted to reflect the provision of the new lease standard. The Organization does not have finance leases. See Note K for a summary of leases.

NOTE B – LIQUIDITY

The Organization’s policy is to maintain cash balances to provide for its general expenditures, liabilities, and other obligations as they come due. The following reflects the Organization’s financial assets as of June 30, 2023 and 2022, reduced by amounts not available for use for general operations because of contractual or donor-imposed restrictions. Grants and contracts receivable are subject to implied time restrictions, but are expected to be collected within one year.

The following reflects the Organization’s financial assets as of June 30, 2023 and 2022 available to meet cash needs for general expenditures within one year of the statement of financial position date:

	<u>2023</u>	<u>2022</u>
Cash (including interest-bearing accounts)	\$ 58,983	\$ 98,766
Grants and contracts receivable – net	290,690	246,977
Restricted cash – endowment fund	80,051	80,031
Investments in marketable securities – endowment fund	<u>111,593</u>	<u>105,201</u>
Total financial assets	541,317	530,975
Net assets with donor restrictions for programs	(99,384)	(92,971)
Net assets with donor restrictions for endowment	<u>(102,602)</u>	<u>(102,602)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$339,331</u>	<u>\$335,402</u>

MAUI A.I.D.S. FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2023
(With Prior Year Comparative Information)**

NOTE C – CASH AND RESTRICTED CASH

The following provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows. Amounts included in restricted cash represent those set aside for the endowment fund.

	<u>2023</u>	<u>2022</u>
Cash (including interest-bearing accounts)	\$ 58,983	\$ 98,766
Restricted cash – endowment fund	<u>80,051</u>	<u>80,031</u>
Total cash and restricted cash	<u>\$139,034</u>	<u>\$178,797</u>

NOTE D – INVESTMENTS IN MARKETABLE SECURITIES

At June 30, 2023 and 2022, investments in marketable securities consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash and cash alternatives	\$ 2,901	\$ 2,544
Exchange traded funds	<u>108,692</u>	<u>102,657</u>
Total investments in marketable securities	<u>\$111,593</u>	<u>\$105,201</u>

For the years ended June 30, 2023 and 2022, investment income (loss) consisted of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$1,930	\$ 2,530
Net realized gains from sales of marketable securities	282	1,163
Net unrealized gains (losses) from holding marketable securities	4,994	(16,336)
Investment fees	<u>(793)</u>	<u>(1,866)</u>
Investment income (loss) – net	<u>\$6,413</u>	<u>\$ (14,509)</u>

MAUI A.I.D.S. FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2023
(With Prior Year Comparative Information)**

NOTE E – FAIR VALUE MEASUREMENTS

U.S. GAAP provides a fair value hierarchy that prioritizes the inputs to the valuation methodology used to measure fair value. There are three levels of inputs to the valuation methodology. Level 1 inputs consist of unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs are unobservable and significant to the fair value measurement. The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation methodologies used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At June 30, 2023 and 2022, the fair value measurements reportable by the Organization consisted of cash and cash alternatives valued at stated value and exchange traded funds valued using quoted market prices (Level 1 measurements). There were no investments for which Level 2 or Level 3 valuation inputs were required. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

The following sets forth by level, within the fair value hierarchy, the Organization’s investments in marketable securities at fair value as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash alternatives	\$ 2,901	\$ -	\$ -	\$ 2,901
Exchange traded funds	<u>108,692</u>	<u>-</u>	<u>-</u>	<u>108,692</u>
Total investments at fair value	<u>\$111,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$111,593</u>

The following sets forth by level, within the fair value hierarchy, the Organization’s investments in marketable securities at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash alternatives	\$ 2,544	\$ -	\$ -	\$ 2,544
Exchange traded funds	<u>102,657</u>	<u>-</u>	<u>-</u>	<u>102,657</u>
Total investments at fair value	<u>\$105,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$105,201</u>

MAUI A.I.D.S. FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2023
(With Prior Year Comparative Information)**

NOTE F – PROPERTY AND EQUIPMENT

At June 30, 2023 and 2022, property and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 63,478	\$ 63,478
Accumulated depreciation	<u>(60,228)</u>	<u>(59,200)</u>
Property and equipment – net	<u>\$ 3,250</u>	<u>\$ 4,278</u>

NOTE G – LINE-OF-CREDIT

The Organization has a \$90,000 line-of-credit agreement with First Hawaiian Bank (Bank). The line-of-credit is available to September 2024 and bears interest at the Bank’s prime rate plus .5%. The Bank’s Prime Rate was 8.75% and 5.25% at June 30, 2023 and 2022, respectively. The agreement requires monthly interest only payments until September 23, 2024, on which date all unpaid principal, accrued interest, and outstanding charges must be paid in full. Interest expense amounted to \$1,810 and \$80 for the years ended June 30, 2023 and 2022, respectively. Advances on the line-of-credit are secured by the Organization’s assets. There were no advances outstanding on the line-of-credit as of June 30, 2023 and 2022.

NOTE H – SBA PPP LOAN

In February 2021, the Organization applied for and received a \$149,997 Paycheck Protection Program (PPP) loan from First Hawaiian Bank. The U.S. Small Business Administration (SBA) established the PPP loan program in response to the COVID-19 pandemic to fund an entity’s payroll and other applicable costs. All or a portion of the loan, which matures five years from the date of funding and bears interest at 1%, may be forgiven if the Organization meets the compliance requirements established by the SBA and other federal agencies. In August 2021, the Organization received notice from the SBA of forgiveness in full of the PPP loan. Accordingly, a gain on forgiveness of SBA PPP loan was recognized in the year ended June 30, 2022.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2023 and 2022, net assets with donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Net assets with donor restrictions for		
Restricted programs	\$ 99,384	\$ 92,971
Endowment fund	<u>102,602</u>	<u>102,602</u>
Total net assets with donor restrictions	<u>\$201,986</u>	<u>\$195,573</u>

MAUI A.I.D.S. FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2023
(With Prior Year Comparative Information)**

NOTE J – ENDOWMENT FUND

The Organization’s net assets with donor restrictions includes a donor restricted endowment fund as a memorial for the donor’s son. The income earned on the endowment fund can be used by the Organization for its charitable and educational purposes.

The Organization is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the State of Hawaii in July 2009. The Board of the Organization has interpreted the Act as requiring the preservation of the original gift as net assets with donor restrictions for endowment funds, absent explicit donor stipulations to the contrary. Unless otherwise stated, other donor restricted gifts are classified as net assets with donor restrictions for programs. Net assets with donor restrictions for endowment funds are invested in accordance with policies established by the Board.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide funding to programs supported by its endowment while primarily seeking capital appreciation and growth of the endowment assets. To satisfy its long-term objectives, the Organization relies on a strategy in which investment returns are achieved through both capital appreciation and current yield. The Organization's primary emphasis is on asset growth with a secondary emphasis on income. The Organization targets an asset allocation to achieve its long-term objectives within prudent risk constraints.

The Board regards spending as flexible from year to year according to the needs of the Organization as determined by the Organization. However, expected investment returns from the endowment fund shall be managed in such a way that reduces the likelihood of underperformance and excessive deterioration of its relative purchasing power. The Organization's policy is to spend from the endowment fund according to the donor's specifications. The asset allocation strategy is reviewed periodically and any changes require the approval of the Board.

Changes in the endowment fund net assets for the years ended June 30, 2023 and 2022 were as follows:

	<u>Donor Restricted for Programs</u>	<u>Donor Restricted Endowment</u>
Balance at June 30, 2021	\$97,139	\$102,602
Interest and dividends	2,530	-
Realized and unrealized lossess on investments in marketable securities – net	<u>(17,039)</u>	<u>-</u>
Balance at June 30, 2022	82,630	102,602
Interest and dividends	1,930	-
Realized and unrealized gains on investments in marketable securities – net	<u>4,483</u>	<u>-</u>
Endowment fund net assets, end of the year	<u>\$89,043</u>	<u>\$102,602</u>

MAUI A.I.D.S. FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2023
(With Prior Year Comparative Information)**

NOTE K – LEASES

The Organization leases office space and equipment under operating lease agreements expiring in October 2028 and September 2027, respectively. Lease rent expense (including common and maintenance costs) amounted to \$60,850 and \$61,569 for the years ended June 30, 2023 and 2022, respectively.

Supplemental financial position and cash flow information related to the operating lease as of and for the year ended June 30, 2023 consisted of the following:

Operating lease cost	\$ 25,597
Short term lease cost	<u>35,253</u>
 Total rental expense	 <u>\$ 60,850</u>
 Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 25,260
Weighted-average remaining lease term for operating leases	5.33 years
Weighted-average discount rate for operating leases based on risk-free rate	2.92%

The following table reconciles the undiscounted cash flows for the operating lease liabilities on the statement of financial position as of June 30, 2023:

Years Ending June 30th	
2024	\$ 25,260
2025	25,260
2026	25,260
2027	25,260
2028	25,260
Thereafter	<u>8,420</u>
Total minimum lease payments	134,720
Amount of lease payments representing interest	<u>(9,803)</u>
Present value of future lease payments	124,917
Operating lease liabilities – current	<u>(21,966)</u>
 Operating lease liabilities – noncurrent	 <u>\$ 102,951</u>

MAUI A.I.D.S. FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2023
(With Prior Year Comparative Information)**

NOTE K – LEASES (Continued)

At June 30, 2022, expected minimum future lease payments approximated the following:

Years Ending June 30th	
2023	\$ 29,500
2024	\$ 30,100
2025	\$ 30,100
2026	\$ 30,100
2027	\$ 26,900
Thereafter	\$ 32,900

NOTE L – COMMITMENTS AND CONTINGENCIES

A substantial portion of the Organization’s revenue and support is derived from government grants and contracts, the loss of which could have a material adverse effect on the Organization. Amounts received for grants and contracts may be subject to audit and adjustment by various government agencies. Any disallowed claim, including amounts already collected, may constitute a liability. Management expects such amounts, if any, to not be material to the financial statements.

The Organization may be subject to legal proceedings, claims, or litigation arising in the ordinary course of business for which it may seek the advice of legal counsel. Management estimates that the cost to resolve such matters, if any, would not be material to the financial statements. However, it is reasonably possible that such estimates may change within the near term.

The Organization operates on the Island of Maui, in the State of Hawaii. Local, national, and international events can have severe, adverse effects on economic conditions in Hawaii. These financial statements do not include adjustments that would result if the Organization were to account for future losses or asset impairments, as the effects on the financial statements of the Organization from such changes in economic conditions are not presently determinable.

NOTE M – SUBSEQUENT EVENTS

On August 8, 2023, Maui suffered a series of devastating wildfires that affected the entire island. The fires resulted in the loss of lives, homes, businesses, and jobs. Demand for services from the Organization has increased substantially with clients losing housing, becoming food insecure, and losing medical benefits with the loss of jobs in the period following the wildfires. The continued impact of the wildfires are not presently determinable.

MAUI A.I.D.S. FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2023
(With Prior Year Comparative Information)**

NOTE M – SUBSEQUENT EVENTS (Continued)

Management has evaluated subsequent events through November 21, 2023, which is the date the financial statements were available to be issued, and determined that the Organization did not have any subsequent events requiring adjustment to the financial statements or further disclosure in the notes to the financial statements.

MAUI A.I.D.S. FOUNDATION
SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

MAUI A.I.D.S. FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct program				
Housing Opportunities for Persons with A.I.D.S.	14.241		\$ 467,564	\$ 80,022
Passed through State of Hawaii, Department of Human Services, Housing Opportunities for Persons with A.I.D.S.	14.241	DHS-21-HPO-0037-SA03	<u>274,343</u>	<u>28,915</u>
Total U.S. Department of Housing and Urban Development			<u>741,907</u>	<u>108,937</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through State of Hawaii, Department of Health				
HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	93.917	* FY 22 and FY 23	280,030	*
HIV Prevention Activities Health Department Based	93.940	Log No. 18-056-M7 Log No. 18-056-M8	<u>135,000</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>415,030</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$1,156,937</u>	<u>\$108,937</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

MAUI A.I.D.S. FOUNDATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Maui A.I.D.S. Foundation (Organization) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, certain amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the financial statements of the Organization.

(*) Denotes major program.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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. In addition, agency or pass-through entity identifying numbers are presented where available.

NOTE C – INDIRECT COST RATES

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

MAUI A.I.D.S. FOUNDATION

REPORTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

For the Year Ended June 30, 2023



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND REPORT ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Maui A.I.D.S. Foundation:

We have audited, 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, the financial statements of Maui A.I.D.S. Foundation (Organization), which comprise the statement of financial position as of June 30, 2023, 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 21, 2023.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 these Reports

The purpose of these reports 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. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

CW Associates, CPAs

CW Associates, CPAs
Honolulu, Hawaii
November 21, 2023



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MAUI A.I.D.S. FOUNDATION
REPORTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE
For the Year Ended June 30, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Maui A.I.D.S. Foundation:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Maui A.I.D.S. Foundation's (Organization), a nonprofit Hawaii corporation, compliance with the types of compliance requirements identified as subject to audit in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2023. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (continued)

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

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

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

CW Associates, CPAs

CW Associates, CPAs
Honolulu, Hawaii
November 21, 2023



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MAUI A.I.D.S. FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

MAUI A.I.D.S. FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

SUMMARY OF AUDITOR'S RESULTS

Financial statements

Type of auditor's report on the financial statements	<input checked="" type="checkbox"/> Unmodified <input type="checkbox"/> Adverse	<input type="checkbox"/> Qualified <input type="checkbox"/> Disclaimer
Internal control over financial reporting		
Material weaknesses(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to the financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal awards

Internal control over major federal program		
Material weaknesses(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported

Type of auditor's report on compliance for the major federal program	<input checked="" type="checkbox"/> Unmodified <input type="checkbox"/> Adverse	<input type="checkbox"/> Qualified <input type="checkbox"/> Disclaimer
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of major federal award program

Assistance Listing No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)

Dollar threshold used to distinguish between type A and type B programs	\$750,000
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Auditee qualified as a low-risk auditee	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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FINDINGS – FINANCIAL STATEMENTS AUDIT

No matters were noted.

FINDINGS – MAJOR FEDERAL AWARD PROGRAM AUDIT

No matters were noted.